

السعودية

FINANCIAL TIMES



Saudi Arabia
Dhahran bomb:
a cry for reform

Page 16

Supercomputers
Bugs bedevil US
trade policy

Page 5



Sponsorship
Identifying with
the fans

Page 14



TOMORROW'S
Weekend FT
Rebuilding
Colossus

World Business Newspaper

FRIDAY JULY 26 1996

Bae and Matra win bid to supply missiles to UK



Bae and Matra of France won a \$500m (£300m) contract to supply cruise missiles to the British government, in a deal which clears the way for the companies to compete for the major of their missile divisions. US aerospace giant Lockheed Martin and the General Electric Company lost out to British Aerospace for a £1.8bn contract to supply the UK with maritime patrol aircraft to replace the ageing Nimrod aircraft (above). Page 16; Defence contracts stay at home, Page 6; Editorial Comment, Page 17

International Business Machines followed Microsoft and Compaq Computer in reporting better than expected results, raising hopes of a recovery in technology shares. Shares in the world's largest computer group rose 10 per cent after second-quarter earnings of \$1.3bn compared with \$1.7bn a year ago. Page 16; World stocks, Page 36

Bundesbank rejects rate cut: The Bundesbank surprised financial markets by not lowering its securities repurchase rate after signalling a planned cut to shore up the dollar and help the hesitant German economy. Page 2

Commerzbank profits up 48%: Profits at Germany's third biggest commercial bank, Commerzbank, jumped 48 per cent to DM1.3bn (\$87m) in the first six months and said rapid growth was expected to continue. Page 22

Toy sellers urged to monitor suppliers: Toy companies selling products made in Asia are being pressed to set up monitoring bodies to improve working conditions among their suppliers, in a campaign begun after a fire in a toy factory in Thailand killed 189 people in 1993. Page 3

Dole unveils economic policy: US Republican presidential contender Bob Dole started detailing his long-awaited economic plan, which could include a tax cut of as much as \$600bn over six years. Page 5

Walt Disney credited its theme parks and 'impressive' box office performances from films The Rock and The Hunt for October 2000 for a 25 per cent rise in net income for the third quarter to \$406m. Page 20

Clinton urged to end trade disputes: Japanese prime minister Ryutaro Hashimoto has urged US president Bill Clinton to help settle two trade disputes before next week's deadline. Page 3

Samsung 'spies' arrested: Two Samsung Aerospace officials have been arrested for allegedly obtaining classified military procurement plans, including proposals for an air surveillance system. Page 4

Kantor hits at bribes for contracts: US commerce secretary Mickey Kantor said companies this year had lost contracts worth \$200m due to bribes from competitors, as corruption in trade and government procurement worsened internationally. Page 5

Algerian jet hijacked: Security forces arrested a lone hijacker who seized an Algerian airliner carrying 232 passengers at Oran airport east of Algiers, no injuries were reported.

Man dies in Ukraine nuclear accident: Two accidents in three hours at a Ukrainian nuclear power station 300km (180 miles) west of Kiev, killed a man, causing contamination and sparking fresh concern about safety 10 years after the Chernobyl disaster.

S African court backs apartheid pardons: A South African court rejected attempts by the families of murdered activists, including Steve Biko, to prevent apartheid killers being pardoned if they confess.

Crickets Pakistan made 390 for nine on the opening day of the first Test against England at Lord's, London. Inzamam-ul-Haq was top scorer with 148.

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STOCK MARKET INDICES

New York: Dow Jones	10,400.00 (+5.11)	New York: S&P 500	458.77 (+7.40)
Dow Jones Ind. Av.	10,400.00 (+5.11)	Dow Jones Ind. Av.	10,400.00 (+5.11)
Nikkei 225	15,748.87 (+21.57)	Nikkei 225	15,748.87 (+21.57)
Hang Seng	9,282.00 (+17.20)	Hang Seng	9,282.00 (+17.20)
FT-SE 100	2,854.7 (+15.8)	FT-SE 100	2,854.7 (+15.8)
MSCI	20,823.04 (+22.01)	MSCI	20,823.04 (+22.01)

US LAUNCHABLE RATES

Financial Funds	5.1%
3-mth Times Bldg Yld	5.28%
Long Bond	7.7%
Yield	7.0%

OTHER RATES

US 3-mo Interbank	5.1%	(82m)
UK 10 yr Gilt	5.7%	(57.2)
France 10 yr OAT	10.2%	(105.2)
Germany 10 yr Bond	9.3%	(81.5)
Japan 10 yr JGB	5.7%	(57.5)

NORTH SEA OIL (Argence)

Brent Deal	\$18.47	(10.33)
Tokyo close	Y 108.05	

CONTENTS

News	1	Features	16	Markets	26	Recent Issues	35
European News	2	Feature Page	17	FT Analysis	32	State Information	30.31
International News	4	Letters	18	FTSP-A W&I Index	33	London SE	32
Asia-Pacific News	4	Commentary	19	Gold Markets	35	Well Street	33-36
American News	5	Obituary	19	Int. Bond Service	34	Managed Funds	27-29
Opinion	6	Arts	19	Money Markets	35		
World Trade News	3	Arts Date	15				
UK News	6	Obituary	15				
Weather	18	Obituary	15				

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Philips to cut 6,000 jobs in shake-up

Restructuring of audio and video business follows sharp fall in profits

Philips, Europe's largest electronics manufacturer, yesterday launched a radical restructuring of its troubled audio and video equipment business which will result in the loss of 6,000 jobs. The shake-up follows a sharp drop in profits at Philips which has been hit by falling demand in its main western markets. It comes just five years after the Dutch group embarked on a worldwide cost-cutting programme which has led to the loss of thousands of jobs. After taking a charge of F170m (\$45m) to cover the cost of job cuts, Philips said into a quarterly loss for the first time since 1992. Attributable losses in the three months to June were F146m compared with profits of F158m in the same period last year. Announcing the results at the company's Eindhoven headquarters, Mr Dudley Eustace, chief financial officer, would see any where the job cuts in its Sound & Vision unit would fall. They represent 15 per cent of the division's employees, or 2.2 per cent of Philips' total workforce. But Mr Eustace said that major parts of the business would be transferred to lower cost countries. Philips aimed to build a group of core suppliers similar to those clustered around Japan's large industrial companies. The move marks a departure for Philips, which has prided itself on producing in-house almost everything it needed. Philips Sound & Vision makes television sets, video cassette recorders and audio equipment. It has large factories in France, Belgium, Austria and the US, and includes the German consumer electronics subsidiary, Grundig, where Philips has said it will not support losses after this year. Philips' net profits before the write-off were F130m for the second quarter, down 47.3 per cent. The decline - to F10.8m a share from F11.72 - came in spite of a 10.3 per cent rise in sales to F16.17bn. In Amsterdam, Philips shares touched a 1996 low of F145.50 before rebounding to close F12.90 higher at F151.30 as investors welcomed the determined nature of the changes. Even at that level, however, the share price remains 11.5 per cent down on the start of the year. The group warned that full year net earnings before extraordinary items could no longer be expected to match the F12.65bn seen in 1995. For the first half, net profits from normal activities were F168m compared with F11.13bn. This in part reflected a slide into an operating loss of F12m at the ministry consumer products side of which Sound & Vision forms a part, down from 1995 interim profits of F126m. Components and semiconductors, the second largest product group, contributed income of F190m, a drop of 18.6 per cent. Although Philips does not make the commodity computer chips which have been worst hit this year, the industry slowdown has spread to the application specific integrated circuits it produces. The poor chip market has also thwarted the intended sale of part of its 35 per cent stake in Taiwan Semiconductor, which Philips had hoped to achieve by the autumn. Such a move could have buoyed full-year profits by hundreds of millions of guilders. Philips unit silms, Page 22 World stocks, Page 36

US air security to be stepped up after disaster

President Bill Clinton yesterday announced new air security measures after consulting grieving families of the victims of last week's TWA crash, while investigators promised rapid results from their examination of the aircraft's two "black box" data recorders.

In an effort to meet mounting public concern over air safety, Mr Clinton said baggage searches and screening of aircraft flying to and from the US would be intensified. Searches would apply to "every cabin, every plane, every cargo hold, every time", a grim-faced president announced. But Mr Clinton, who wore a white ribbon to commemorate the victims, stressed that the measures did not indicate the TWA crash was definitely the result of terrorism. "We do not yet know what caused 800 to crash, whether it was mechanical failure or sabotage," he said. Earlier, Mr Clinton and his wife Hillary had met victims' relatives, allowing them to vent their frustration over the slow pace of the investigation and delays in recovering bodies. Eight days after the crash of TWA flight 800, which killed all 230 people on board, only half the bodies and about 1 per cent of the wreckage had been recovered. One relative said he found Mr Clinton "very reassuring". His decision to visit the families was taken only after days of debate among his aides, who wanted to avoid the accusation that the White House was exploiting the tragedy for political ends. Mr Clinton has been criticised for "grandstanding" by



Armed soldiers yesterday cut off streets in Bujumbura as the Tutsi-dominated army seized power in Burundi. The army appointed its candidate for president, replacing the Hutu incumbent who has been sheltering in the US embassy, and disbanded parliament. A resident said: "It looks like all hell has broken loose." Report, Page 4; Editorial Comment, Page 17

Hyundai to build S Korean steelworks

Hyundai's plans are causing concern at Pohang Iron & Steel (Pocoo), Korea's state-owned producer, and other regional steel companies, especially in Japan and China. Last year Korea produced 36.8m tonnes of steel, compared with Japan's 101.6m tonnes and China's 53m tonnes. Japanese producers have been steadily cutting output in recent years in response to sharp rises in China's production and could be forced to make further reductions by any substantial increase in Korean exports. The Korean government has tried to block the Hyundai steel project because of worries about excess production capacity, although the trade and industry ministry recently indicated it might allow the plan to proceed. Steel plate produced by

Hyundai yesterday said it would press ahead with plans to build South Korea's second-largest integrated steelworks at an estimated cost of \$10m, despite fears of a steel glut in Asia. The company, Korea's second-largest conglomerate, said it would lower production targets for its project in response to government fears of excess capacity. However, it still plans to raise output by 8.3m tonnes a year from the 3.7m tonnes already produced by its subsidiary, Incheon Iron and Steel. Mr Chung Mong-koo, the Hyundai group chairman, said another steel facility would boost the country's competitiveness.

the integrated mill is to be supplied to the car and shipbuilding subsidiaries of Hyundai, which is Korea's biggest consumer of steel. Hyundai's proposed 8.3m tonnes annual output increase compares with its original target of 9m tonnes. The planned expansion will begin in 1998 and be Continued on Page 16

ICI blames tougher trading conditions as profits fall 43%

Solvay, Belgium's largest chemicals company and a leading plastics producer, also reported a 28 per cent decline in net earnings, to \$191m, in the first half of this year. This represented a considerable advance on the weak performance in the second half of last year, the group said, largely as a result of restructuring in its alkalis and peroxides businesses. However, profit growth in 1996 remained dependent on an upturn in Europe, and particularly in the German construction market. Mr Charles Miller Smith, ICI's chief executive, said German industrial demand had been an acute problem across the chemicals industry, as had continuing competitive pressures from Asian producers. ICI's efficiency programme was now on target to deliver savings of \$400m a year by the end of next year. Most of the 2,700 job cuts would fall in the US, with nearly 2,000 jobs disappearing as a result of a rationalisation of the loss-making explosives business. A further 600 would come from the paints division, in Europe, the US and Australia, and roughly 300 would be from the acrylics business, mostly in the UK. These figures are in addition to 1,400 jobs that have been lost already this year, and further cuts, such as 700 jobs at ICI subsidiary Tioxide, for which no exceptional charges are being made. The efficiency programme will also rationalise ICI's 53,000 suppliers and upgrade the group's manufacturing facilities. As a gesture of confidence in the group's improved outlook, it proposed an 8.7 per cent increase in its interim dividend, to 12.5p. This did not prevent analysts from downgrading profits forecast for the second time in a month, setting at around \$70m for this year and \$80m for next year. ICI achieved pre-tax profits of \$951m last year.

Imperial Chemical Industries yesterday announced 2,700 job losses as part of an efficiency drive to cut more than 5,000 jobs in a sluggish European market. The move came as the group unveiled a 43 per cent decline in pre-tax profits in the second quarter, to \$165m (\$27m), on sales of \$2.78bn. Trading conditions had been "considerably tougher than anticipated", the group said, prompting it to accelerate its productivity drive. However, its problems had not been centred in the UK. The volume of UK sales rose by 3 per cent in the first half, and the British decorative paints market was one of the group's few areas of profit growth in the second quarter. The blow came from continental Europe, where sales volumes fell by 9 per cent, and from a worldwide slump in chemicals prices, notably those of polyester, titanium dioxide and chlorine.

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Bundesbank opts to sit on its hands

By Andrew Fisher in Frankfurt

The Bundesbank yesterday confounded financial markets by deciding not to lower one of its key interest rates, having previously sent out signals that it planned a small cut to shore up the dollar and help the hesitant German economy.

It left the securities repurchase rate at 3.50 per cent, where it has been since February, and said its next four weekly repo auctions would be held at the same rate. It gave no explanation for the decision after its last council meeting before the summer break.

As expected, the Bundesbank did not alter its 4.7 per cent target range for money supply growth, though this has been considerably overshoot. It said the rapid growth of M3 was slowing down and should continue to do so. In June, M3 rose at an annualised rate of 9.6 per cent, having been above 12 per cent in the spring.

Economists said the decision to leave the repo unchanged was a surprise after the Bundesbank's hints. Mr Hans Thetmeyer, the Bundesbank's president, had indicated there was scope to move down the repo rate, which the bank uses to steer money markets. Other members of the central bank council had also pointed markets in this direction.

"They could have handled it a bit better," said Mr Julian Jessop, economist at Nikko Securities. He thought the Bundesbank might still cut the

repo later - especially if US rates rose - but probably by a larger amount than if it had acted now. The repo was left at its present rate when the bank lowered the discount and Lombard rates by 2.5 per cent and 4.5 per cent respectively in April.

Mr Otmir Issing, a Bundesbank council member, said suggestions that the repo might be allowed to fall had been based on the possibility that M3 ease to an acceptable level. "That condition was not fulfilled". However, he said the bank would still see if there was scope to lower interest rates further.

Ms Alison Cottrell, economist at PaineWebber International, called the Bundesbank's behaviour "a bit bizarre". It was not the decision that was odd, but the way it had been preceded by a stream of statements.

"They took the horse to water and then pulled the trough away," she said.

The Bundesbank said M3 remained its main yardstick for monetary policy, though short-term volatility had made it harder to meet yearly targets. Its medium-term view of the money supply trend took account of this.

It also said that uncertainty about long-term interest rates and volatility in capital markets had hindered monetary capital formation, in which funds are moved out of short-term deposits into long-term assets and thus out of M3.

Czech PM wins one battle but faces another

By Vincent Boland in Prague

The Czech Republic's centre-right minority government yesterday won a vote of confidence in parliament, but immediately faced the prospect of a parliamentary battle over its proposal to return state property to the Catholic Church.

After yesterday's vote, Mr Václav Klaus, the prime minister, promised to proceed with his reform programme, delayed by weeks of political deadlock since last month's general election.

But the opposition Social Democrat leader, Mr Milos Zeman, immediately eoded the brief truce that allowed the government to win the vote.

Mr Zeman, who has won the admiration of neutrals for the way he has staked out opposition in recent weeks, said that his party would try to block a cabinet proposal to return to the Church about 175,000 hectares of forest confiscated by the Communists before 1945.

The cabinet took the decision at the insistence of the Christian Democrats, a junior coalition partner. Most political parties, including Mr Klaus's Civic Democrats (ODS), are instinctively opposed to the restitution and it may not be popular with the Czech public.

The coalition plans - at Christian Democrat insistence - to carry out the transfer by government decree. This process does not need parliamentary approval and is used for privatisations and other transfers of property to private owners.

"I believe the government that won your confidence today will work well," he told parliament.

President Václav Havel, who has been the powerbroker in attempts to end the deadlock that resulted from last month's election, urged continued cooperation between the coalition and the Social Democrats. "I believe the government will be stable and will co-operate well with parliament," he said.

Getting the right chairman for loss-making railway is crucial

Wisdom of Aérospatiale chief's shift to SNCF too early to call

By David Owen in Paris

The French government's decision this week to move Mr Louis Gallois from the chairmanship of Aérospatiale, the loss-making state-owned aerospace and defence group, to the chairmanship of SNCF, the loss-making state-owned railway company, can be viewed as a deft piece of political footwork or a ham-fisted damage limitation exercise.

The positive view is that the government has belatedly appointed the right person for the sweeping restructuring in prospect at SNCF after misjudgingly giving the post last December to Mr Loïc Le Floch-Prigent. It was known at the time that Mr Le Floch-Prigent, who quit last week, might be placed under formal investigation in connection with past business dealings and could therefore come under pressure to resign.

Getting the leadership issue right is a matter of the utmost importance: ministers can ill afford another strike by railway and other public-sector workers such as the one over proposed spending cuts that brought France to a virtual standstill at the end of last year.

Advocates of the move also argue that the government has removed any possibility of a damaging personality clash between Mr Gallois and Mr Serge Dassault, chairman of Dassault, in discussions over details of the merger between Aérospatiale and the privately controlled manufacturer of military and business jets that was confirmed this month.

Mr Dassault, who initially resisted the merger, would not discuss it with Mr Gallois. Relations between the two were described in yesterday's *Le Monde* newspaper as "at best difficult". Asked yesterday whether Mr Dassault, who is on holiday, would talk to Mr Gallois's replacement, a Dassault spokesman replied: "Never say never."

Critics of the move argue that, by shifting Mr Gallois at this crucial stage in Aérospatiale's evolution, ministers will further demoralise a workforce uncertain about the future. This is all the more so since the government appears not to have lined up an instant replacement.

Half a dozen names were being discussed in Paris defence circles yesterday in connection with the vacancy. The front runners were said to include: Mr Jean Piquet, secretary-general of national defence, who had a spell at Aérospatiale in the 1980s and was an adviser to President Jacques Chirac when he was prime minister.

General Vincent Lanata, former head of the French air force, who has been an adviser to Aérospatiale since 1994.

Mr Jean Pierson, managing director of Airbus Industrie, the four-country European aircraft manufacturing consortium in the process of turning itself into a single company.

Mr Frédéric d'Allest, chairman of Matra Transport, part of the Legardère Group, who is thought to have been a candidate for the SNCF job.

Mr Yves Michot, Aérospatiale's number two.

Mr Alain Gomez, former head of Thomson.

Certainly, Mr Gallois's move - he is already at his desk at SNCF - appears to have left Aérospatiale in a state of agitation.

This was underlined by the reaction to an off-the-cuff remark on Wednesday by Mr Alain Lamassouze, the French government spokesman. He said the new appointee at Aérospatiale would have to oversee changes of statute at the group arising both from the Dassault merger and the changes at Airbus. "There is perhaps not a single legal structure to bring all this together."

The significance of the remark was played down by the government, but was initially interpreted by some as an indication that ministers might be considering breaking the company up. Most experts consider such a move unlikely.

Jail deaths put Turkish rights record in spotlight

International concern is mounting as toll rises in prisons protest, writes John Barham in Ankara

Three Turkish hunger strikers died in prison yesterday, bringing the total this week to six, and putting Turkey's human rights record in the international spotlight.

Prisoners are likely to continue dying every day for weeks if the hunger strike by more than 20 inmates in 33 prisons continues. Perhaps as many as 55 are close to death. But diplomats and human rights campaigners complain that the new Islamist-led government has shown as little inclination as its predecessor to compromise over the strikers' demands.

A European diplomat commented: "The government is doing nothing. If they gave in, they would have to accept that something in the prisons was wrong."

Conditions in Turkish jails are certainly grim, visitors report standards well below international norms. But human rights activists say the prisoners' main demand is to halt systematic violations of basic human rights by security staff. In May, six prisoners in Diyarbakir prison in the mainly Kurdish southeast burned themselves to death in protest at conditions there.

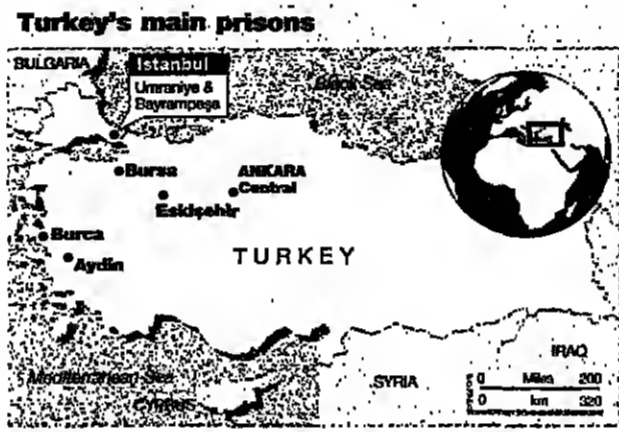
Political prisoners are frequently beaten by guards while being transferred between prisons or on their way to court. Amnesty has evidence of guards cutting hunger strikers with glass. It lists numerous cases of prisoners some of whom victims of police torture - being denied urgent medical attention.

The hunger strikers, who are all members of far-left groups held under the draconian anti-terrorism law, are also demanding the government reverse a policy of transferring them to distant prisons, making it difficult for them to meet their lawyers. Journeys of 10 hours or more in closed vans on their way to court further hamper their ability to defend themselves.

Successive governments have ignored pleas by prisoners and human rights organisations to halt the abuses. In January, prisoners rioted at Istanbul's Umraniye prison, and police beat four of them to death in resisting order.

In May, the justice ministry introduced strict new rules intended to break up what it claimed were no-go zones run by prisoners in the jails, prompting the start of the present hunger strike. Pictures appeared in newspapers of urban guerrillas posing beneath hammer-and-sickle flags, stating that some prisons had become virtual "terrorism training camps".

Mr Sket Kazan, the new



Turkey's Islamist prime minister Necmettin Erbakan at prayer. His government has promised action but is doing little.

Islamist justice minister, promised after taking office last month to end the hunger strike by softening some of the new rules. He ordered that prisoners be treated humanely and allowed to meet their families once a month - previously visits were only allowed on religious and national holidays. Hundreds of Kurdish prisoners ended their protest, but the left-wingers carried on because Mr Kazan maintained the dispersal of prisoners.

The hunger strikes have now become an international issue. This week, the French government called on Turkey to improve prison conditions and respect for human rights. The Dutch government has called in the Turkish chargé d'affaires to "express its concern" over the protest. Ireland, which holds the rotating European

Sweeping budget powers for Dehaene

By Neil Buckley in Brussels

Mr Jean-Luc Dehaene, the Belgian prime minister, has won sweeping powers to bypass parliament and govern by decree in drawing up a budget aimed at ensuring his country is a founding member of the European single currency.

Mr Dehaene has aroused disquiet among opponents and some economists, and may damage Mr Dehaene's already poor opinion poll showing.

Parliament completed agreement early yesterday on the three "framework laws" allowing the government to issue decrees without parliamentary consent on the 1997 budget, reform of the over-burdened social security system, and improving competitiveness.

Mr Dehaene gained parliamentary approval to draw up the laws two months ago, after a jobs pact with unions and employers collapsed and slowing growth aroused fears that Belgium would miss its target of cutting the budget deficit to 3 per cent of gross domestic product this year.

A 3 per cent deficit by next year is one of the five convergence criteria for admission to the single currency. Belgium had hoped to reach the target a year early to strengthen its hand in negotiations on membership of Emu, because it is failing to meet one of the other conditions. Its huge debt, 133 per cent of GDP last year, is allowable above the 60 per cent allowance.

Officials said yesterday the framework law on the budget - applicable until next August - was necessary to allow the government to impose savings cuts even during parliament's summer recess, to get "as close as possible" to the 3 per cent deficit target this year. Savings of about BFR24bn (\$300m) are required.

It would also allow work on the 1997 budget to begin immediately, clearing the way for adoption in the autumn.

Mr Philippe Maystadt, finance minister, is aiming to undercut the 3 per cent target next year to guarantee Belgium's place in the single currency vanguard - likely to involve further savings of BFR50bn-BFR90bn.

"Meeting the Maastricht criteria is vital for Belgium. It would be very difficult for us to be outside a single currency if our neighbours, our biggest trading partners, were inside," Mr Maystadt said yesterday.

The urgency of social security reform was underlined yesterday by official figures forecasting that spiralling spending would lead to a social security deficit of BFR36bn next year, against an expected BFR16.5bn surplus this year.

EUROPEAN NEWS DIGEST

EU progress on budget cuts

EU budget ministers were last night making progress on a plan to reduce the EU's 1997 budget by more than Ecu2.5bn (\$3.2bn) in a race to meet the targets for economic and monetary union next year. France was spearheading efforts to reach a compromise which would achieve across-the-board savings while allaying concerns among Mediterranean countries, notably Spain, about reductions in regional aid.

The plan is to shave Ecu1bn from the Ecu42bn farm budget and Ecu1bn from Ecu20bn in aid to poorer regions, chiefly to claw back national contributions to the Ecu50bn EU budget.

At the budget ministers' meeting in Brussels, the European Commission joined the European Parliament in pressing the case for austerity this year in return for an extra Ecu1.2bn in 1998 and 1999 to fund trans-European transport networks as well as EU research and development projects. The majority of countries support the idea, but Britain and Germany have reservations.

Mr Detlev Samland, chairman of the parliament's budget committee, was satisfied with the talks' progress and said he had won an agreement in principle to shift funds allocated to farm and fisheries into a "reserve". This would give MEPs a partial say in areas of spending where the Council of Ministers traditionally has the final say.

Lionel Barber, Brussels

UK cautions on Helms-Burton

Britain, in a move to counter the impression that it was breaking ranks with its EU partners, said yesterday it was prepared to consider EU proposals for joint retaliation against the US following the passage by Congress of the Helms-Burton Act.

The Foreign Office cautioned, however, that the forthcoming European Commission proposals lay in a "complicated legal area" and would need careful study. "We do not rule out the need for action at the EU level," a spokesman said.

He insisted Britain had been at the forefront of moves to promote joint EU action in response to the Helms-Burton Act, which authorises private court action against foreign companies "trafficking" in confiscated Cuban assets. "We know the Commission is working on proposals for EU legislation designed to protect EU companies against the provisions of Helms-Burton, and we look forward to seeing these when they emerge," he added.

Bruce Clark, London

Fall in number of French banks

The number of French banks and other credit institutions has fallen by a third in 10 years and many have changed hands in the same period, according to an annual government report published yesterday.

Of 2,170 institutions in 1987, 725 had closed or merged by the end of 1995, said the Credit Establishments Committee, an arm of the banking regulatory and supervisory body under the control of the Bank of France.

In spite of the criticisms of them by the country's commercial banks, it is the French mutual and savings banks which have undergone the greatest rationalisation over the past few years, reducing their numbers through mergers from 1,127 in 1984 to 342 in 1995.

Andrew Jack, Paris

Italian bank rescue faces probe

The Italian government's plans to rescue Banco di Napoli, one of Italy's largest and oldest banks, could be examined by the European Commission for evidence of illegal state subsidies.

The Commission is understood to be ready to open an inquiry into the plan for a 1.2,000bn (\$1.3bn) capital increase, underwritten by the treasury, which controls the bank. A special assembly of shareholders will vote on the capital increase next Tuesday in Naples.

The Commission refused to comment on reports which suggested that Mr Karol van Miert, the competition commissioner, was preparing to write to Rome asking for a detailed explanation of the plan. But Brussels is thought to have doubts whether the bank, which last year lost L3,150bn, can be returned to profitability, let alone privatised as the treasury wants.

Andrew Lill, Milan and Neil Buckley, Brussels

Italy's anti-trust watchdog is investigating the Italian Chamber of Commerce for alleged abuse of its dominant position in the database market for company information. The authority said it wanted to probe charges the chamber had allowed only Infocamere and Cerved - companies controlled by the chamber - access to its register of 4.3m companies.

Rome considers media decree

The Italian posts and telecommunications ministry said yesterday the government might have to push through new rules on media ownership by decree, following parliament's decision to delay until September the debate on setting up a new telecoms and broadcasting regulator.

The upper house of parliament decided on Wednesday not to debate the measure before the August holidays. The full privatisation of Stet, the state-controlled telecoms holding company, cannot take place until a regulatory authority is in place.

The government might have to use a 60-day decree to impose the new rules on media ownership by the end of August, as a constitutional court ruling threatens to block out television broadcasts if existing regulations have not been changed by then.

The Italian government should today approve the second part of the draft legislation on telecommunications, which provides for reform of Rai, the state broadcaster which is Mediaset's main rival.

Andrew Hill

ECONOMIC WATCH

Romanian exports setback

Romania's exports fell 10.2 per cent in dollar terms to \$3.9bn in the first half of the year, despite a near-seventfold increase in cereal and other non-animal agricultural exports following last year's bumper harvest.

Analysts attribute the fall partly to the winter's hard-currency shortages which reduced imports of energy and other essential raw materials. The national statistics commission said imports (free on board) had fallen 15.3 per cent while the trade deficit (fob) had fallen to \$425.9m, from \$725.5m.

The consumer price index in June was 1.0 per cent, the lowest monthly rate this year, but is expected to rise sharply this month following inflation of more than 30 per cent in energy prices. Year-on inflation at the end of June was 33.8 per cent, up from 27.8 per cent at end-1995. Tight monetary policy has been undermined partly by rising wages, 43.4 per cent higher in June than a year earlier, while unemployment fell for the fourth month to 7.1 per cent.

Virginia Marsh, Bucharest

Consumer prices in west Germany rose 0.4 per cent in July from a year-on-year increase of 1.3 per cent.

French consumer prices fell 0.1 per cent in June from May and rose 2.3 per cent over 12 months.

Dutch consumer spending rose 4.4 per cent in May from a month earlier, following strong demand for food and durable goods.

Sweden's producer price index was down 0.3 per cent in June from May, and down 6.5 per cent from a year earlier.

Finnish unemployment in June was 16.6 per cent, from 16.9 per cent a year earlier and unchanged from May.

Russia to ease access to its bond market

By Chrystia Freeland in Moscow

The Russian central bank yesterday announced details of a new scheme for foreign investment in government bonds as part of a plan gradually to liberalise access to the lucrative market for foreigners. But bank officials warned the market would be opened up slowly, while they planned to crack down on "dubious" schemes which have allowed non-residents to invest on the same highly profitable terms available to Russians.

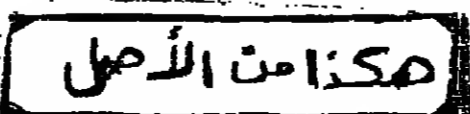
Mr Alexander Potemkin, a deputy head of the central bank, said that under the new system - due to come into effect on August 15 - annualised yields in dollar terms for foreigners would continue to be capped at the present level of 19 per cent. Domestic investors are now enjoying returns as much as twice as high.

He also said the central bank would put a ceiling on foreign investment under the new system of \$700m in August and \$8m in September. These restrictions do not represent a significant relaxation of the current system, but officials emphasised they would ease the limits over several months, as they become accustomed to the new mechanism, which allows foreigners to purchase the government bonds directly at auctions and to trade them on the secondary market.

Central bank authorities also reiterated their intention to crack down on non-residents who have been investing directly in the highly profitable treasury bill market through legal loopholes which allow them to enjoy the

same sky-high returns as locals. They said they hoped to put an end to this practice by September 15 and warned that if gentle persuasion did not succeed they would resort to harsher methods. "We have a number of levers we can use to punish those involved," said Mr Andrei Kozlov, a deputy head of the central bank.

He said the central bank was holding discussions with western investors and the Russian banks and financial institutions which serve as their intermediaries about ending the practice.



Hashimoto asks Clinton to help solve two disputes

By William Dawkins in Tokyo

Mr Ryutaro Hashimoto, Japan's prime minister, has written to US president Bill Clinton urging him to take a "political decision" to settle two trade disputes before their July 31 deadline.

The letter coincides with yesterday's start in Vancouver, Canada, of two days of talks between senior trade diplomats to try to end the deadlock over access to Japan's market for insurance. Talks on semiconductor trade start there on Monday.

Mr Hashimoto said Japan was ready to be flexible on insurance, but restated a firm stance against US demands for a numerical market share for foreign semiconductor producers, disliked by the Japanese government on the grounds that it represents managed trade.

Foreign companies dominate this business, known as "third sector" insurance, and are unwilling to face Japanese competition until they obtain better access to the life and non-life markets, where foreign entry is tightly restricted.

Under the possible compromise, Japan would delay third sector liberalisation for two years - still short of the US demand for a three-year delay. During that time, the Japanese government would allow foreign companies improved access to the rest of the insurance market, as laid out in a 1994 insurance framework agreement with the US.

That agreement commits Japan "substantially" to deregulate life and non-life insurance before opening the third sector to new competition.

As in last summer's row over access to the Japanese car market, both sides are expected by trade officials to negotiate right up to the deadline.

The US wants both countries' semiconductor industries to survey the Japanese market to make sure they "preserve and continue" progress made under the existing chip pact, which expires next Wednesday.

The pact, disliked by Japan from the beginning, was originally designed to ensure a 20 per cent market share for foreign chip producers. Their

market share has in fact risen to 31 per cent. The success of the current chip accord suggests that a new one is not needed, argues the Ministry of International Trade and Industry. In place of the pact, MITI has proposed a global semiconductor industry forum - supported by the European Union - to encourage general co-operation between producers on matters such as standardisation, intellectual property rights and market data. Such a forum would not attempt to influence markets, stress MITI officials.

On insurance, a Japanese finance ministry official yesterday declined to comment on a report that negotiators were considering a compromise.

The US objects to a proposal which would allow Japanese insurers to provide personal accident and health policies in Japan from October.

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Britain in big gas supply deal with Germans

By Judy Dempsey in Bonn and Robert Corzine in London

British Gas is to sell 20bn cubic metres of natural gas to Germany's Wings in a second deal to ship surplus gas from the UK to the continent through a planned pipeline under the North Sea.

The latest agreement, which will be spread over 10 years, is the largest gas sale from a UK company to Europe. The price was not disclosed.

Earlier this year the UK subsidiary of Conoco, the US oil company, announced the sale of 1bn cubic metres a year of UK North Sea gas to Wings.

The decision by British Gas to sell 20bn cubic metres a year to Wings, jointly owned by Gazprom, the Russian gas company, and Wintershall, the gas subsidiary of BASF, Germany's chemical group, coincides with a gas surplus in Britain,

brought about partly by the liberalisation of the domestic gas market.

British Gas in particular is saddled with a number of long-term contracts for large volumes of gas that it will no longer need after 1998, when it loses its monopoly to supply 15m households and other small gas users.

"For the UK, continental Europe is an important new market," said Mr Peter Lehmann, British Gas's regional managing director for Europe. The company is also hoping to sell gas to similar distributors in the Netherlands and France, as well as directly to large industrial gas users.

Mr Gert Maichel, managing director of Wings, said the deal was an important contribution to the integration of the European gas market. The UK and continental gas supply grids will be linked by a £500m

(£76m) 150-mile interconnector between Bacton, Norfolk, and Zeebrugge in Belgium. It is due for completion in 1998.

It is being built by a consortium of companies including British Gas, which holds a 40 per cent stake, Gazprom, British Petroleum and Ruhrgas, Germany's largest distributor of gas.

The latest sales contract has important implications for Wintershall since it is part of its long-term strategy aimed at diversifying gas imports, increasing market share in Germany and introducing more competition in a field dominated by a few players.

"This diversification with gas from Britain will strengthen our competitive position. More competition will ultimately benefit customers," said Mr Maichel.

Currently, Wintershall imports the bulk of its gas

Western Europe's major natural gas supply routes



from Gazprom, amounting to 14bn cubic metres a year. It is set to increase its market share in Germany by 1.5 per cent to 10 per cent after a heavy investment programme begun five years ago and now total

ing DM3.5bn (\$2.3bn). It involves the construction of gas pipe lines, storage facilities and compressors.

Wintershall, set up by BASF specifically to provide cheaper gas supplies, embarked on this

investment programme because it could not gain access to the grids owned or managed by Ruhrgas. Ruhrgas, which has more than 80 per cent of the German market, has been at the forefront in resisting Bonn's plans to deregulate the energy sector.

A draft paper to be presented to the cabinet after the summer recess entails scrapping demarcation contracts which allowed Ruhrgas - and electricity companies - to establish regional monopolies in the distribution of energy. It would also open the market to others.

Several continental European gas companies are cautious about a common gas grid and moves to end national monopolies. They say that liberalisation of the European gas market is inappropriate, because Europe, unlike the US and UK, depends on imports from distant sources.

Table: International Corruption: a survey of business perceptions. Columns include Rank, Country, Score 1995, Score 1996, and Index.

Table: US holding up green trade. Columns include Rank, Country, Score 1995, Score 1996, and Index.

Tyre maker to keep Semperit subsidiary open

By Eric Frey in Vienna

Continental, the German tyre maker, yesterday told the Austrian government it would not close its Semperit subsidiary in Traiskirchen, eastern Austria, but stood by its decision to axe hundreds of jobs at the plant.

Continental Chairman Mr Eberhard von Grunberg confirmed the company would halve the annual output of car tyres in Traiskirchen to 5m and shift production to the Czech Republic.

"I do not see any way to avoid reducing production of car tyres at the plant, given the current market situation," he said. The Semperit plant could be profitable even after these cuts, Mr von Grunberg added.

The Traiskirchen plant also produces 500,000 truck tyres a year, which are worth six times as much as car tyres. The production shift to the Czech Republic will cause the loss of 400 jobs in Austria and has raised fears Continental will shut down its subsidiary completely. The 100-year-old factory employs a total of 2,400 people and indirectly supports thousands more.



Von Grunberg, chairman

The Semperit plant has suffered a sharp drop in sales to Japanese carmakers after Austria joined the European Union, which ended special trade privileges for Japanese carmakers in exchange for purchases from Austrian car parts producers, especially from Semperit.

Economics Minister Mr Johann Farnleitner said he wanted to use gentle pressure on the Japanese to step up their purchases again. But he is unlikely to take up the trade union proposal to impose a special tax on Japanese cars, which would violate EU rules.

Mr Farnleitner last week expressed his solidarity with the Traiskirchen workforce by fitting Semperit tyres to his car. It later emerged that the tyres were manufactured in Germany.

US companies 'lost \$20bn in deals after rivals offered bribes' Kantor calls for bribery action

By Nancy Dunne in Washington

US companies have lost contracts worth \$20bn this year as a result of bribes offered by competitors, according to Mr Mickey Kantor, the US commerce secretary.

Mr Kantor said corruption in Asia and government procurement around the world has worsened, with companies offering illicit payments winning 80 per cent of their bids.

"Business newspapers and magazines, almost read like police blotters at times: reports about public contractors rigging bids, state-owned industry officials demanding bribes, corporations making payments to politicians for contracts, costs of projects being inflated to cover kickbacks, competitive bids being undermined by graft," he said.

He offered examples of bribery by European companies without naming names. These include:

- The use by a European firm of inside information and illicit funds to beat a US firm for a \$2m telecommunications deal in Asia.
- The bribing of a Latin American official for help in signing a \$4m telecommunications contract.
- A European defence company beat American competitor for a \$3bn vehicle sale in the Middle East with "illicit payments".

"An American company offered the best price for a Latin American project only to have a European competitor re-bid after the process was supposed to be closed - and often paying bribes to officials involved in the decision-making," he said.

US trade officials yesterday unveiled a new bureau within the commerce department to oversee compliance with its international trade agreements, Reuter reports from Washington.

Mr Mickey Kantor, commerce secretary, said the centre would be responsible for building an information base to help monitor, investigate and evaluate compliance with trade agreements.

The commerce secretary said that "business leaders he had met say corruption in international trade is their number one concern. As a result the US is pushing for action on a number of fronts."

bribery of foreign officials. Mr Kantor praised the new Convention Against Corruption adopted by the Organisation of American States, the first multinational agreement in which countries agreed to criminalise bribery and extrajudicial offences.

The US, Japan, EU and Canada agreed to pursue an interim transparency pact in government procurement in the World Trade Organisation because most members have not joined the separate government procurement pact.

The industrialised countries of the Organisation for Economic Co-operation and Development have agreed to eliminate tax deductions allowed for overseas bribes. They have also agreed that by next May they will develop principles to address the criminalisation of bribery.

Toy companies urged to monitor conditions at Asian suppliers

By Graham Bowley in London

Toy companies which sell products made in Asia are being pressed to set up strict independent monitoring bodies to improve working conditions among their suppliers.

Pressure groups have forced toy company associations to adopt codes of conduct on health and safety. But the groups fear the codes will not be properly implemented by Asian manufacturers.

The latest campaign comes alongside other high-profile initiatives aimed at highlighting workers' conditions in industries, such as clothing and footwear, dominated by western multinationals.

A campaign launched by western charities, drew consumer attention to large sports shoe companies such as Nike and Reebok, many of whose shoes are made in Asia. Some of the clothing and shoe companies have drawn up codes of conduct on working practices in response to pressure. But the issue of independent monitoring is



The Thai toy factory blaze which led to the campaign

proving contentious. The World Development Movement, a pressure group campaigning on third world issues, the Catholic Institute for International Relations and international trade union bodies will launch a pre-Christmas campaign calling for independent spot checks on toy factories in Asia.

But toy company bodies say full monitoring would be costly and difficult in countries such as China, where access to factories is restricted.

Mr David Hawtin, director

general of the British Toy and Hobby Association (BTHA), said there were too many factories for toy companies to monitor them properly.

"There is no way that an organisation like ours can even think about setting up inspectors. This is a job for governments to do," he said.

Instead, industry bodies argue that individual toy companies should use commercial pressure on suppliers to adopt the codes of conduct by threatening to withdraw custom.

Critics of the campaign also complain that forcing third world companies to improve working conditions and wages may destroy jobs by making the companies uncompetitive.

The BTHA - whose members account for 90 per cent of toy sales in Britain - has set up a three-person independent committee, based in the UK, to deal with complaints about factory conditions abroad.

But the pressure groups think such a committee will not be independent or powerful enough to deal with problem.

Ms Sue Townsend, a campaigns officer at the World Development Movement, said: "We are not convinced how effective it will be for the average worker in Asia. We are seeking proper independent monitoring and spot checks."

The campaign groups argue that companies have sufficient control over product quality to be able to monitor working conditions as well.

The toy campaign began after a fire in a toy factory in Kader, Thailand, killed 188 people in 1993.

US-Japan supercomputer trade risks a crash

Nancy Dunne on a dumping row that threatens to harm attempts to open public procurement markets

A protracted row over a US government agency's purchase of a Japanese computer is threatening to damage Washington's attempts to prise open public procurement markets abroad.

US efforts to "encourage" Japanese government agencies to buy US-made supercomputers have resulted in the sale of 13 US supercomputers to Japan, but the first reciprocal purchase by the US has become the subject of contentious debate.

When the Japanese company NEC won a bid to provide a supercomputer to the National Centre for Atmospheric Research, the Commerce Department's import administration

advised against the deal on grounds that the NEC price was so low it had to be "dumping" - or selling unfairly - in the US market.

Soon after NEC's victory was announced, Mr Paul Joffe, acting assistant secretary for import administration, wrote to the National Science Foundation (NSF), which is funding part of the leading deal to say that the cost of producing the supercomputer "is substantially greater" than NEC's \$35m bid price.

Usually when dumping cases are filed, the Commerce Department conducts a five-month investigation before issuing preliminary decisions. Officials say that in this case they

were asked by the NSF to determine if the NEC offer was dumping and that they have occasionally advised other agencies informally on internal purchases.

Mr Joffe also warned that the impact of the supercomputer system "would threaten the US supercomputer industry" - a conclusion of injury that under US law is the province of the International Trade Commission, the six-person government body that investigates allegations of injury, which was not consulted.

The Commerce Department opinion has fallen so far to stop the deal, but additional pressure has come from

Congress, where the House last month passed an appropriations bill for the NSF and other agencies. It contained an amendment stipulating that salaries be withheld of personnel "who approve a contract for the purchase, lease or acquisition in any manner of supercomputing equipment" if there is a preliminary or final determination that the equipment is being "dumped" or sold at unfair prices.

The sponsor was Congressman David Obey, a Democrat from Wisconsin, where Cray Research, one of the losing bidders, has facilities. "The issue," he said, "is whether we are going to stand up for America and

stand up for fair trade under the rule of law or not."

Congressman Jim Kolbe, an Arizona Republican, said the amendment was a violation of international trade rules as well as the customary procedures attending both dumping complaints and government procurement.

"We have a firm commitment in this country to the rule of law. We ought not to so casually and cavalierly disregard that," he said.

The Senate has yet to vote on the appropriations bill, but the committee rejected the Obey Amendment. Wisconsin Senator Herb Kohl may try to attach a similar provision on the Senate floor.

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Tutsi-led army seizes power in Burundi

Grenades and gunfire echo across capital as new president installed

By Michele Wong, Africa Correspondent

The Tutsi-dominated army yesterday seized power in Burundi, appointing its candidate for president, outlawing political parties, disbanding parliament, imposing a dusk-to-dawn curfew and closing the airport and borders.

The coup d'état was a direct challenge to the US government and UN Security Council, which had both warned the military against a seizure of power and are debating whether to send foreign troops to restore order in the central African country.

Speaking on state radio, Burundi's defence minister announced that Major Pierre Buyoya, a former Tutsi president, was replacing Mr Sylvestre Ntibunganya, the Hutu incumbent who has been sheltered by the US embassy for the last two days.

The putsch took an ugly turn, as unidentified gunmen

hurled grenades into a market, bursts of heavy gunfire echoed across the capital, armoured personnel carriers rolled into the centre of Bujumbura and soldiers erected roadblocks.

"It looks like all hell has broken loose," said a resident.

Earlier, the military authorities had received a series of sharp warnings from the international community, afraid of the collapse of a civilian government guaranteeing power-sharing between the Tutsi minority and Hutu majority signalled a repeat of Rwanda's horrific bloodletting.

In New York, Mr Boutros Boutros Ghali, the UN secretary-general, said the world would "on no account" accept the coup and called on all concerned to uphold Burundi's constitution. The Organisation of African Unity said a putsch would be "resisted" and the European Union threatened to halt all development aid.

The White House said the US would be presenting a plan to

the UN to head off a possible humanitarian disaster, and France said it had urged the Security Council to send a mission to Burundi.

Mr Ntibunganya's sudden flight to the US embassy, the ostensible trigger for the coup, came after he was stoned by the crowd attending a funeral of more than 300 Tutsis, victims of one of the many massacres carried out in recent months by both Hutu rebels and the army.

The president left immediately for the capital, where he sought refuge with the Americans. Soon after, the Tutsi-dominated Uprona party said it was pulling out of the coalition with the mainly Hutu Frodebu party, ending an uneasy alliance.

But many analysts were yesterday blaming the putsch on the laborious debate surrounding plans to send in East African peacekeeping forces.

Approved by the OAU earlier this month, talk of the still-em-

brionic initiative has fuelled the siege mentality in Bujumbura and encouraged extremists in both camps.

"The army started cracking down and the guerrillas started shooting everyone in sight," said Mr Gerard Prunier, a French expert on the region. "They knew they were running out of time."

The army defied world opinion yesterday, with a spokesman saying Burundi, a former Belgian colony, would not allow itself to be colonised again. But there were signs it had tried to go some way to meeting its critics by choosing Mr Buyoya as president.

The major, who governed for five years as the country's last Tutsi president, has traditionally been regarded as a moderate. He spearheaded the introduction of multiparty democracy and handed over power peacefully when a Hutu candidate won the 1992 election.



Last Tutsi president returns: Major Pierre Buyoya

Middle East in diplomatic whirl

A flurry of diplomatic activity swept the Middle East yesterday as a US envoy and Mr Yasser Arafat, Palestinian leader, tried to coax arch-rivals Israel and Syria back to the peace table.

Mr Dennis Ross, US Middle East peace envoy, made his way from Syria to Amman and on to Jerusalem in the wake of Mr Herve de Charette, French foreign minister, who took his peace mission on the same route earlier in the week.

Mr Ross met Israeli premier Benjamin Netanyahu in Jerusalem. Mr Netanyahu's election in May had thrown peace moves into doubt as he opposes trading occupied Arab land for peace.

Mr Arafat, who has just held his first high-level meeting with the new hardline Israeli government, arrived in Syria mainly to plot peace moves with President Hafez al-Assad but also to deliver an Israeli request to break a peace deadlock. The US envoy was expected to meet Mr Arafat in Gaza either on the Palestinian leader's return late yesterday or today.

Harare misses deficit target

Mr Herbert Murewa, Zimbabwe's finance minister, yesterday presented the country's 1996 budget and reiterated previous promises to cut budget spending and the fiscal deficit. He confirmed that the government had missed its budget deficit target of 6.7 per cent of GDP for 1995/96 by a wide margin, reporting an actual deficit of 10.1 per cent.

For the current year to June 1997, he forecast a budget deficit of about 255.5bn (US\$954m), or 3.5 per cent more than in 1995/96. This is unlikely to be met unless the IMF and World Bank talks on a new structural adjustment loan from the Fund.

Public spending is projected at 37 per cent of GDP, down slightly from 40 per cent last year.

The otherwise forgettable budget may be remembered for one bizarre aspect - the introduction of a 15c (US 1.5c) "levy" on cash withdrawals from automatic teller machines. The costs and trouble involved in collecting the tax seem to be out of all proportion to the revenue it is likely to yield. The minister gave no estimates of how much the tax would bring in.

Cairo clinches F-16 deal

Egypt has concluded a \$388m deal for the purchase of 21 new F-16 jet fighter aircraft built by Lockheed Martin of the US. The sale is part of a military package with an estimated price tag of \$670m, which will include upgrading Egypt's 161 F-16C/D aircraft.

The prime contractor for the F16C/Ds will be Lockheed Martin while the principal contractors for the upgrade programme will be McDonnell Douglas and Westinghouse Electronic Systems, both of the US.

Delivery of the new F-16s will be completed by the year 2000, according to Lockheed. The US defence department has said the sale of the equipment would not affect the basic military balance in the region.

Hijacker held in Algeria

Algerian security forces arrested a lone hijacker who seized an Air Algérie plane yesterday. All 232 passengers were safe, Algerian state television reported.

The hijacking occurred at Oran airport, west of the capital Algiers. The interior ministry, whose security forces have been fighting Moslem fundamentalists for more than four years, said the hijacker's motives and nationality were unknown.

The big test of S Africa's sell-off intentions

What happens to the Transnet conglomerate will be an important policy pointer, writes Mark Ashurst

The London-based investment banker's remark to South African government officials during President Nelson Mandela's recent state visit to Britain was as honest as it was harsh. Told of the political problems surrounding the country's privatisation programme, he replied: "We are not interested in your social baggage."

One of those most shocked by the remark was Ms Louise Tager, chairman of Transnet, South Africa's largest public corporation which operates the national transport infrastructure. "I am a strong advocate of privatisation and I have spent much of my professional life promoting the concept, even before it became fashionable in the 1980s," she says. "But there are things that need to be understood about South Africa. The future security of this economy depends on privatisation."

In many respects, the future of Transnet will be the litmus test of the government's com-

mitment to liberalising the tightly-controlled South African economy. Transnet's 23 subsidiaries embrace road haulage, rail, sea and air transport, harbours, a maze of national fuel lines and an in-house satellite and telecommunications network with a combined asset value of more than R40bn (\$6bn).

Several of Transnet's businesses, notably South African Airways, the cash-strapped national airline, and some of its overseas freight operations, have been earmarked by Mr Thabo Mbeki, deputy president, as candidates for "restructuring". The term is widely understood as government-speak for privatisation, a process expected to begin later this year with the sale of a 30 per cent stake in Telkom, the telephone company.

But unlike other state-owned monopolies, Transnet is a diversified conglomerate. Some of its biggest businesses - rail, harbours and Petronet, a nationwide network of fuel

lines - are natural monopolies. Others, including SAA, container transport and courier operations, already face growing competition from the private sector.

Thus, the nature of private sector involvement is contentious. "It would be wasteful to open natural monopolies to competition, because of the enormous investment involved," says Mr Ben van Rensburg, chief economist at the South African Chamber of Business. "We need private sector skills, not competition, to make them more efficient."

The government's commitment to narrow the gulf between the public and private sectors is underpinned by the appointment of four senior ANC leaders to Transnet's board, where their role is in part to counter trade union opposition to privatisation.

Five years from now, predicts Mr Saki Macozoma, a former MP and senior official in the African National Congress, who became Transnet's deputy

managing director in May, Transnet will be "a smaller though still significant" transport company.

According to Ms Peggy Drodskis, national infrastructure analyst at the South African Chamber of Business, Transnet's financial structure is impenetrable. Last year, it posted a net profit of R118m, its first since embarking on a process of commercialisation in 1990. But it has shored up its loss-making businesses with hand-outs from more lucrative operations, such as Petronet, whose margins are guaranteed by the web of regulations governing South Africa's liquid fuel retailers.

"We cannot really tell which parts of the business are profitable because of the cross-subsidisation. Transnet should be disbanded as a holding company and each division should be ring-fenced. Only then can we look at privatisation," she says.

The social costs of such an unbundling would be high. A

product of the racially-based national socialism devised by the architects of apartheid, Transnet is overstuffed - despite cutting its total workforce by almost 60 per cent to 110,000 over the last decade. Now it needs to pension off veteran employees and recruit blacks to create a more racially balanced workforce.

Blacks comprise 56 per cent of its employees and 99 per cent of the 32,000 unskilled jobs. With unemployment exceeding 30 per cent, the new management is wary of further cuts. "No company ever downsized to greatness," says Ms Tager.

Transnet has borrowed heavily to fund its pension obligations, and has few resources for extensive capital expenditure. To build the new infrastructure required to foster an export-oriented manufacturing sector, the principal goal of the government's economic strategy, Transnet needs more cash. Ms Tager acknowledges that the workforce is an

obvious target for pruning, but she also knows that the consequences for many would be traumatic: the average black labourer has between six and 10 dependants.

Meanwhile, Mr Trevor Manuel, the finance minister, is banking on revenue from the sale of equity in state-owned industries to slash the budget deficit to 3 per cent of gross domestic product by 2000, from 5.3 per cent last year. Thus, if new investors are found for Transnet, the corporation does not expect to reap all the proceeds.

Ms Tager accepts that cuts in the national budget deficit will attract investment to South Africa and encourage growth, even new capital available for Transnet is limited.

"We need to do it quickly, so the pain is shorter and there is growth," she says. Investors, she hopes, will accept that Transnet's contribution to balancing the government's books is part and parcel of its "social baggage".

NEWS: ASIA-PACIFIC

Samsung officials held in 'spy' case

Two Samsung Aerospace officials have been arrested for allegedly obtaining classified military procurement plans, including proposals for an air surveillance system, marrying the normally polished image of South Korea's biggest conglomerate.

The affair is the second scandal to hit Samsung this week. It follows the murder of a distributor for a rival newspaper, allegedly by two employees of the Samsung-owned daily, Joong-ang Ilbo.

Other newspapers blamed

the murder on an intense circulation war. Joong-ang Ilbo has angered its competitors by conducting an aggressive and lavish marketing campaign, including offers of Samsung-made gifts, to attract subscribers in its quest to become Korea's biggest daily.

The Samsung aerospace employees, both retired air force officers, are suspected of collecting procurement documents from the defence ministry since 1992 to help their company gain future aerospace contracts.

In addition, they are accused of providing information on

the proposed purchase of other weapon systems to two Korean arms dealers who were also arrested Tuesday along with three military officers at the defence ministry's procurement section.

The Samsung officials were immediately fired by the group, but the case has received maximum publicity from South Korea's leading newspapers, which have been savagely criticising Samsung for the past week.

The industrial espionage case has provoked a parliamentary furore, with MPs criticising standards of protection of

sensitive military information.

Korean military investigators were alerted after boxes containing the weapons procurement documents were discovered in an abandoned warehouse last month.

The scandal comes as Samsung Aerospace, a key defence contractor, seeks new business once it completes its mainstay project of assembling 120 F-16 fighters from the US by 1999.

Its attempt to enter the civil aerospace sector received a setback recently after plans to develop and produce a 100-seat regional jetliner with China collapsed due to differences

over the location of manufacturing facilities.

The group did receive one good piece of news this week, as Samsung Electronics was cited by the Korean Management Association as the country's best-run listed company last year after it reported net earnings of \$1.2bn (\$2.1bn).

However even Samsung Electronics may be losing its lustre as falling semiconductor prices are expected to cut its earnings by two-thirds this year, while the government recently disclosed it is conducting an extensive tax investigation of the company.

Thailand trims growth forecast

Thailand's economic growth in 1996 will be lower than forecast and the current account deficit and inflation rate higher, the country's central bank said yesterday.

Economic growth is now expected to be 7.8 per cent, against an original estimate of 8.3 per cent and actual growth of 8.6 per cent in 1995. Inflation, first projected at 4.5 per cent for the year, is expected to be 5.5 per cent, down from 1995's rate of 5.8 per cent.

The downward revisions were outlined by Mr Rengchai Marakamonda, new central bank governor, in his first public presentation since replacing Mr Viji Supinit, earlier this month. Mr Viji resigned in the face of scandals that touched the credibility of Thailand's central bank.

Mr Rengchai, 54, announced two measures he hopes will improve the bank's reputation. Appointed to an indefinite term, he nevertheless said he would step down after four years. He also created a high-level committee to supervise financial institutions in an attempt to detect problems more quickly and act on them more decisively. Failure to halt a pattern of dubious lending practices at the Bangkok Bank of Commerce helped to precipitate Mr Viji's resignation.

Mr Rengchai said no new measures to tighten monetary policy would be introduced and he would let interest rates fall "if that is what the market determined." The government would continue to run a fiscal surplus equal to 2.7 per cent of GDP while increased government spending in the second half of the year would be a major force in sustaining economic growth.

The current account deficit will be 7.8 per cent of GDP, against an original forecast of 8.5 per cent and 8.1 per cent for 1995. Export growth would be only 10.3 per cent compared with an earlier forecast of 17.4 per cent and 23.8 per cent in 1995.

ASIA-PACIFIC NEWS DIGEST

Japan store sales up 3.7%

Further evidence of an improvement in Japanese consumer confidence emerged yesterday in the form of the first six-monthly rise in department store sales in four-and-a-half years. Department store turnover rose 3.7 per cent to Y4,120bn (\$30bn) in the six months to June against the same period last year. The Japan Department Stores Association warned the improvement came from an unusually low base.

Shoppers were reluctant to spend, earlier last year, because of the psychological shock of the Kobe earthquake and a gas attack by religious extremists on the Tokyo subway said analysts. Kobe showed the strongest sales rebound, as it picked itself up after the tragedy. Sales there rose 40.5 per cent in the first half of this year. Sales nationwide were strong in personal goods and clothing, but weak in household goods and furniture, the association added.

Nuclear poll campaign starts

Campaigning for Japan's first local referendum on a nuclear power plant started yesterday in the town of Maki, Niigata Prefecture. The August 4 referendum will decide if the town should approve the building of a nuclear reactor by Tokoku Electric Power. The government and the pro-nuclear lobby fear it may trigger similar moves by local governments elsewhere in Japan.

Anti-nuclear sentiment has been rising since the leakage of cooling agents at Monju, the country's most advanced nuclear reactor, late last year. In an early election in the city of Suzu, west Japan, earlier this month, the pro-nuclear camp defeated an environmentalist candidate. The construction plan, announced by Tokoku Electric in 1989, has been hampered by land speculators and environmental groups buying land in the planned location. The project has divided Maki (pop 30,000). Calls for a referendum were triggered by a 1994 announcement by the then mayor, initially elected on an anti-nuclear platform, that he would support the nuclear power plant.

Vietnam pushes on with refinery

Vietnam is to press ahead with plans for its first oil refinery at a remote site on its central coast, and has re-affirmed a deadline of December by which work should start, the official Vietnam News said yesterday. Industry analysts had questioned whether the \$1.2bn Dung Quat refinery project would continue to receive backing from policymakers after the Communist party's landmark congress, which ended early this month.

But comments by deputy prime minister Tran Duc Luong seemed to confirm Dung Quat is still a priority. Work must start by December, Mr Luong was quoted as saying. The site, 1,000km north of Vietnam's offshore oilfields, was last year deemed uneconomical by the French oil company Total.

In March, the state oil agency PetroVietnam and a foreign consortium including South Korea's LG Group, Malaysia's Petrosas, and Stone & Webster and Conoco of the US, agreed to carry out another feasibility study.

MPs seek prize for dissident

Some 100 British parliamentarians have nominated Chinese dissident Wei Jing Sheng for the Nobel Peace Prize. Mr Wei, a jailer in December on charges of seeking to overthrow the government. He is "a worthy candidate for the honour," said Mr Denis MacShane, the Labour MP, in his submission to the Nobel prize committee.

Countries are keen to become 'dialogue partners' of a key Asian grouping

Asean success lures western interest

Foreign ministers doing things with a whisper not a shout? Singapore's Jayakumar (left) and Sazon of the Philippines

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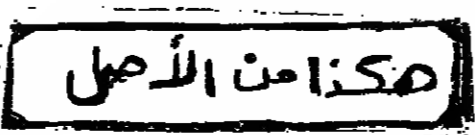
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Mexico plans \$8bn loan repayment

By Stephen Fidler and Leslie Crawford in Mexico City

The Mexican government said yesterday it would repay early \$8bn in loans made as part of a US-led rescue package during Mexico's financial crisis last year.

The success of this and other recent efforts to raise finance in the international markets will allow Mexico next month to repay early \$7bn of US government loans and \$1bn of International Monetary Fund loans extended in the bailout.

Mexican government is left with \$3.5bn in loans to the US Treasury, compared with a peak of \$12.5bn last year. They will reduce outstanding obligations with the IMF from \$12.5bn to \$11.5bn.

The move should help reduce the chances that last year's Mexican bailout, backed by President Bill Clinton, will surface in the US political debate ahead of the November presidential election.

loans, the operations would reduce Mexico's interest charges by an annual \$125m. They would also help iron out a bump in debt repayments faced by the government in 1998 and 1999.

The notes carry a final maturity of five years and an interest rate of 2 percentage points (200 basis points) over three-month interbank rates. The government will start making repayments in 1998, meaning that the average maturity of the notes will be 5 1/2 years.

An investment grade rating from the two main US rating agencies. The backing of Mexican oil revenues - the issue's uses mechanisms set up at the Federal Reserve Bank of New York to back the US government loans last year - means that the notes are rated more highly than the straight debt of the Mexican government.

Mr Ortiz said that the banks, led by SBC Warburg and J.P. Morgan, which formed part of the original banking syndicate underwriting the notes, would subscribe up to \$2.5bn, and the rest would come from 180 banks and other financial institutions. A fifth of the applications came from European institutions and around 12 per cent from Asia.

The speed of Mexico's return to the international financial markets after last year's crisis has surprised many. Mr Rogelio Ramirez de la O, a Mexican economist, said external events had helped Mexico. "With high international liquidity, low US interest rates, and US growth, Mexico couldn't have had a financial crisis at a better time," he said.

Some concerns have been raised about the premier's record. Prof William Milne of the University of New Brunswick, in a monograph titled *The McKenna Miracle: Myth or Reality?* gives Mr McKenna credit for instilling a new entrepreneurial spirit, "into [the] public no less than [the] private sector". But he contends that rural areas have reaped little benefit, and he questions the use of taxpayers' money to attract business investment.

Mr McKenna's goal of creating a "self-sufficient society" is clearly still years, if not decades, away. His role in seeing the job through is uncertain.

Despite his popularity, Mr McKenna insists the curtain will come down on his political career when he decides to relinquish the premiership. According to a close friend, he is keen to earn some "serious money" in a job outside government.

Dole hints at tax cut plan

By Patti Waldmeir in Washington

Mr Bob Dole, the Republican presidential contender, yesterday began revealing some of the details of his long-awaited economic plan, which could include a tax cut of as much as \$600bn over six years.

Campaigning in Pennsylvania, Mr Dole revealed his proposals at a meeting with senior Republicans to prod him into announcing his economic platform immediately. "We haven't announced it yet. Others have. It's not my plan," he said, referring to a highly publicised tax-cutting plan unveiled earlier this week by the party's congressional leadership.

Mr Dole's tax cut proposal would pay for itself largely through increased tax receipts resulting from higher economic growth. Increased revenues would be needed to ensure the plan did not boost the federal budget deficit, an outcome Mr Dole has pledged to avoid.

agency, and exempt small business investments from capital gains taxes.

He made no comment on the scope of his overall economic package, but his aides, commenting on published reports, confirmed that a tax cut package totalling about \$600bn over six years was "under serious consideration". One option would be to cut taxes by 13 per cent, and another to repeal the tax increases of 1990 and 1993, both of which would cost an estimated \$100bn per year.

Mr Nelson Warfield, Mr Dole's spokesman, stressed that the plan remained a "work in progress". According to a working paper leaked to the Washington Post, Mr Dole's tax cut proposal would pay for itself largely through increased tax receipts resulting from higher economic growth. Increased revenues would be needed to ensure the plan did not boost the federal budget deficit, an outcome Mr Dole has pledged to avoid.

A politician you can do business with

Bernard Simon on the investor-friendly premier of the Canadian province of New Brunswick

Mr Frank McKenna could easily be mistaken for an energetic North American chief executive shaking up his company and hustling for new business.

"We have embarked on a major initiative in service quality," he said in a recent speech. "It allows us to provide better service to our customers... and... empowers our employees." Newspaper advertisements urge anyone wanting to do business with him to call 1-800-MCKENNA toll-free.

Mr McKenna is in fact premier of New Brunswick, one of Canada's four Atlantic provinces. In the nine years since his Liberal government took office, he has embraced business with a fervour seldom seen among Canadian politicians.

His "customers" are the province's 730,000 residents and his "employees" its civil servants. "We intend to be a quality-driven, not a red-tape ridden, customer-responsive government," he told the legislature earlier this year. "If we're not - tell us. You are the client. You are also the boss."

But Mr McKenna is best known for his tireless pursuit of outside investors. With shirtees rolled up his forearms, the premier said in an interview earlier this month that "I view my role as being the chief executive officer of our business development. We campaign relentlessly for new jobs."

New Brunswick's budget in surplus, but cuts may be on the way



New Brunswick premier Frank McKenna "intends to be a quality-driven, not red-tape driven, customer-responsive government"

Some concerns have been raised about the premier's record. Prof William Milne of the University of New Brunswick, in a monograph titled *The McKenna Miracle: Myth or Reality?* gives Mr McKenna credit for instilling a new entrepreneurial spirit, "into [the] public no less than [the] private sector". But he contends that rural areas have reaped little benefit, and he questions the use of taxpayers' money to attract business investment.

Mr McKenna's goal of creating a "self-sufficient society" is clearly still years, if not decades, away. His role in seeing the job through is uncertain. Despite his popularity, Mr McKenna insists the curtain will come down on his political career when he decides to relinquish the premiership. According to a close friend, he is keen to earn some "serious money" in a job outside government.

Mr McKenna, who is a lawyer by training, appears to harbour doubts whether his success as the head of a small regional government can be replicated on a national scale. "If you're a hands-on manager, you have to pick your spot," he says.

acquired a potent selling point, however. Its telephone company, known as NBTEL, has gained a reputation as an unusually entrepreneurial utility. New Brunswick claims to be the only US state or Canadian province with a fully digital phone network. All NBTEL's 300,000 subscribers have access to voice mailboxes as part of their basic phone service. Every school has an Internet connection.

Mr McKenna, who jokingly introduces himself as NBTEL's vice-president for marketing, has seized on this modern infrastructure to attract the telephone "call centres" used by many businesses to take orders, handle customer queries, or book travel reservations.

Almost 40 companies, employing more than 3,000 people, have set up call centres in New Brunswick, mostly in Moncton, formerly a gritty railway junction. The newcomers include Air Canada, Federal Express, Xerox, Royal Bank of Canada and several hotel chains.

The province also has the advantage of a relatively large French-speaking population, enabling the centres to handle calls from all parts of Canada. But several centres cover the whole of North America.

The aim now is to try to broaden the quest for investment. Mr McKenna notes that workers compensation premiums in New Brunswick are the lowest in Canada. With the province's budget now in sur-

plus, he says tax cuts are around the corner. And financial incentives for the forestry industry are now confined to processed products. Some concerns have been raised about the premier's record. Prof William Milne of the University of New Brunswick, in a monograph titled *The McKenna Miracle: Myth or Reality?* gives Mr McKenna credit for instilling a new entrepreneurial spirit, "into [the] public no less than [the] private sector". But he contends that rural areas have reaped little benefit, and he questions the use of taxpayers' money to attract business investment.

Swansong for Britain's black king of the track



Linford Christie did not show up for the British Athletics Federation press conference at the Olympics village. Tony Ward, the press attaché, introduced Ian Mackie, a young sprint hopeful. But we had all fought our way through the gridlock of Atlanta traffic to see Linford.

There will soon be plenty to see, and hear, if Christie - starting today in the heats of the 100m sprint, the event he dominated for much of the past decade with gold and silver medals at the last two Olympics and world and European championship titles. Win or lose, this will be his last big event.

Christie both seeks the attention of the media, and loathes their scrutiny. He tries to manipulate an area beyond his control. Which is a shame, because Christie is one of the most important and successful British sportsmen of recent years.

The US writer James Baldwin once pointed out that such media attention is simply "the price of the ticket", and one has to learn not to retaliate but to anticipate. Sadly, sprinters are notoriously reactive individuals, whether to gun or pen. In Christie's case, this eagerness is complicated by another factor.

Linford Christie is black and, as he states clearly in his autobiography, he believes Britain to be institutionally racist. He grew up in west London, in the emotional zone between the solid Christian fundamentalism of his parents, and the limited ambitions of his working class friends. There was nobody to help him negotiate a path between these two realities. This social, and generational, confusion was always complicated by issues of race. In a Britain which suffered outbreaks of rioting and looting in the early 1980s by black youth against a society in which they felt they had no stake.

Christie's renowned patriotism, exemplified by a memorable shot of him after the 1986 European championships draped in a Union Jack, was born out of this tension and insecurity, out of having to make a decision to move beyond the nervous hesitancy of his upbringing, and placing his feet on solid ground where he might achieve.

His gesture with the flag declared, "I am British - deal with it." It got him into trouble with the European athletic association, who considered it too nationalistic, and earned him adverse comment from some in the British black community, unhappy that he should appropriate a symbol of "oppression".

Ten years on, Christie's impatience with the media is partly underscored by the fact that few journalists, if any, acknowledge the hugely important role Christie has played in changing people's perceptions about modern Britain, both at home and abroad. It may be that the legacy of Christie's achievement will not be his athletic achievements, but his donning of the Union Jack back in 1986. At precisely the moment when a second-generation of black British youths were in need of someone to tell them that they belonged, along came Linford Christie.

Having struggled my way to the press conference, I was doubly disappointed when I realised that mine was the only black face in the room. Under Christie's leadership, the British track and field team have been the most visible manifestation of a multi-racial Britain. Neither in parliament, nor in business, nor in other big sports, is the complexion of late twentieth-century Britain fully reflected.

Tony Ward guided Ian Mackie through an orchestrated series of questions about his hopes and aspirations. As British TV crews slipped away, Ward confirmed that Christie would be doing a conference for his sponsor, Puma, at a different venue, on a different day. Such are the realities of sport in the modern era.

ATLANTA OLYMPICS



Linford Christie dons the Union Jack at the 1982 Barcelona Games

India laments lack of a sporting chance

Only China exceeds India's population of 920m, but this populous land sent just 49 athletes to Atlanta. Those 49 carry very modest medal hopes, for a country that has won gold medals in only one sport, men's hockey, in the 50 years since its independence. India's only athletics medals are two silvers for the 200m sprint and two silvers for the 200m hurdles in the Paris games of 1900 by Norman Pritchard, a Calcutta resident during British rule who, legend has it, "just happened" to be in Paris at the time.

Explanations for India's poor showing abound. They range from dismal facilities, low levels of nutrition, high levels of poverty, to the low profile sports apart from cricket enjoy in Indian society. But lack of money is the most critical factor, laments Mr Mohan.

"Our athletes go to the Olympics without any hope," he says. "All of them will be eliminated in the first round. They've all gone without any of them having competed anywhere else in the world - they don't have the money."

State aid for sport is tiny. Federal spending on "sports and youth services" last year was \$27m, 0.063 per cent of total spending. Commercial sponsorship is only now seeping into sports other than cricket - a modest trend encouraged by recent sport coverage on satellite channels such as Star Sport and ESPN. As more US and foreign multinationals arrive, using sport as a tested marketing tool, there is the promise of more funding to come.

India's last gold medal was at the boycott-hit 1980 Moscow games, and hockey again looks India's only good bet this time, though the side lost its first game against Argentina and only managed a draw with Germany, before hitting team with a 4-0 thrashing of the US.

But the handful of Indian shooters, swimmers, archers, weightlifters, boxers, judokas and table tennis players in Atlanta will largely be content just to have taken part. The boxers, weightlifters and shooters all fell at the opening rounds.

A similar fate looks likely for India's track and field athletes. But another failure won't change anything, thinks Mr Mohan. "There will be questions in parliament, a committee will be set up, probably. Then everyone will forget about it. We have so many thousands of other problems to worry about."

Mark Nicholson

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British Gas shocks North Sea oil industry

By Robert Corzine

British Gas has sent a shock wave through the government and the North Sea oil industry by demanding a £1bn (\$1.56bn) rebate on gas levy payments made over the past 10 years - since the company was privatised. The company, which is under intense regulatory and competitive pressures, issued a writ on Wednesday against the Department of Trade and Industry to recover the funds. It also threatened to withhold part of its next quarterly gas levy payment, due next month, unless the issue was resolved. The company's surprise move

forced the DTI to issue parallel writs against 27 oil companies which produced the gas bought by British Gas. The DTI says it would be liable if British Gas were to win its case.

The gas levy was imposed in 1981 on low-cost gas fields, mainly in the southern North Sea. It was meant to prevent British Gas - when it was a state-owned company - from gaining windfall profits in the wake of the 1970s oil shocks. A total of almost £3.2bn has been collected by the Exchequer from the levy over the past 10 years.

British Gas, which has previously asked for the levy to be lifted, said it was not challenging the law. It has

merely found a legal loophole which it says should have exempted it from paying the levy due on 24 contracts covering eight North Sea fields.

Company executives yesterday denied that the writ was connected with the company's dispute with North Sea producers and the government over £40bn of long-term gas contracts that it wants renegotiated.

"This is not an aggressive use of a legal issue to obtain bargaining chips" in a wider dispute, said one executive. But one industry analyst yesterday suggested that the company was "going back to the past to make progress in a future" which was filled with financial uncertainty.

The DTI has rejected British Gas's position, but said it "could not ignore the risk, however small, that British Gas may prove to be right". No action would be taken to serve the 27 "protective" writs unless British Gas proceeded with its claim, The DTI added.

British Gas contends that the 24 contracts, all of which were signed before 1975 and all of which are long-term sales contracts, have evolved substantially over the years in to virtually new agreements, with many new parties replacing the original producers.

As such they should come under the 1990 Finance Act which specifically made British Gas or the produc-

ers liable for the levy. British Gas was effectively solely liable under previous legislation.

British Gas says it is not asking the producers to assume such responsibilities, although executives admit that would be the outcome if they won their case.

It was unclear last night whether British Gas would "go to keep the £1bn if it did win. Executives said they had a responsibility to shareholders to make the claim. But the Gas Consumer Council published part of a 1989 letter from the company, in which it said that "... any reduction in the levy would be passed on to customers".

McDonnell Douglas among losers as strategy to modernise the armed forces is confirmed

Most of £3.5bn defence contracts stay at home

Most of the UK defence industry was celebrating yesterday as £3.5bn (\$5.46bn) worth of delayed British defence orders was announced. Three-quarters of the contracts are likely to be completed directly by British industry. The winning bidders have promised to place additional work on other projects in the UK - worth a quarter of the value of the contracts that will be done outside the UK.

Among the disappointed losers, McDonnell Douglas, the US aerospace giant, had felt that its cruise missile was the cheapest, the favourite with the Royal Air Force, and offered the prospect of commonality with the US Air Force, for which the company is producing a similar missile.

There were some battered grins in the RAF which has had to fight a tremendous rearmament action to prevent its cherished weapons from slipping into a Treasury limbo. However, the modernisation of the force will go ahead, offsetting some of the pain of the personnel cuts of recent years.

From a wider UK Ministry of Defence perspective, securing the orders has also kept its strategy of having a smaller, but more capable, force intact after it had come close to being undermined. Politicians were fighting shy, dissipating some of the kudos supposed to flow from the announcement of a large pre-election package of work for the hi-tech part of the engineering industry. The MoD had wanted to make a big splash in parliament with the orders two weeks ago, but became locked in a battle with the Treasury and parliament went into its summer recess before the orders were finally released.

Winners in the battle for the big contracts

<p>Cruise missile Storm Shadow Value: £800m</p>	<p>Maritime patrol aircraft Nimrod 2000 Value: £1.8bn</p>	<p>Anti-tank missile Brimstone Value: £650m</p>
<p>Main contractors</p> <p>British Aerospace (BAe) Role: prime contract, systems integration, development, final assembly Value: £200m</p> <p>GEC Role: seeker development and production Value: £20m</p> <p>Metrovair UK Role: motor production Value: £20m</p> <p>Royal Ordnance (RO) Role: airframe, production Value: £25m</p>	<p>Royal Naval Armaments Depot (RNAD) Role: engine, development, final assembly Value: £20m</p> <p>British Aerospace (BAe) Role: prime contract, systems integration, airframe sub-assembly, wing manufacture Value: £250m-£300m</p> <p>Rolls-Royce (RR) Role: engine, development, production Value: £20m</p> <p>GEC Role: seeker development and production Value: £20m</p> <p>Outside UK MIRA (France) Role: airframe, production Value: n/a</p>	<p>Normanair Garrett (NG) Role: engine, development, production Value: £75m</p> <p>Shorts Industries (SI) Role: seeker systems Value: £70m</p> <p>Ultra Electronics (UE) Role: seeker systems, electronics Value: £50m</p> <p>Palmer Role: motor, FF Value: £20m</p> <p>PP Aviation (PA) Role: airframe re-build Value: £30m</p>

In the confusion of yesterday's rushed announcement, figures on the number of jobs created, the value of the contracts and even the identity of some of the winners started to get blurred. It was clear, however, after brutal price competition had cut profit margins to the bone, that not even the winners would be retiring to the Bahamas on the profits from the deals. When the dust had settled, some long-standing favourites were celebrating. British Aerospace and Matra of France won the cruise missile competition, and BAe also clinched the largest contract for replacement of the Nimrod Maritime Patrol

Aircraft. GEC took the anti-tank weapon contract, overturning an earlier lead by Hunting Engineering. The £1.8bn Nimrod replacement contract will create or sustain around 10,000 jobs in the UK, according to BAe. As well as providing work for the UK defence industry giants - BAe, GEC and Rolls-Royce - much of the work on Nimrod will trickle down to lower tier companies. Work on the missile contracts is concentrated on the main contractors and several critical components makers. Nonetheless, BAe estimates that work on its £600m Storm Shadow missile will create or

maintain about 1,600 jobs in 80 engineering companies across the UK. GEC says that its £600m anti-tank missile, Brimstone, will provide work for 3,000 people in 25 large sub-contractors. Two small UK missile companies were also among the losers. Hunting Engineering felt that its anti-tank weapon, for a long time the favourite, offered the cheapest cost to the MoD and was actually the winner of the procurement competition, but that it was overturned by political lobbying from GEC. Shorts of Belfast had hoped that winning both missile contracts would create 400 jobs to replace some of the

700 so far lost because of the collapse of Fokker. Amid much muttering that the orders were fixed for favoured UK manufacturers, there will undoubtedly be a post-mortem on the way that the procurement process has worked in the current bids. The idea the MoD's system is a purely competitive process - where the best value offering wins - has taken a dent. There has clearly been a shift in MoD policy towards an implicit industrial strategy. In placing the orders, it has chosen to bolster BAe in both aircraft and missiles, and GEC as its missile-seeker champion. It may force rationalisation around big industrial groups.

The awards also strengthen moves towards a wider rationalisation of the European defence industry - needed if it is to survive against growing US competition. British Aerospace has been talking to defence companies in France and Germany for many months. An increase in the workload in its factories will strengthen its hand in any merger negotiations. Meet immediately, the cruise missile deal, secures the joint venture between BAe and Matra in missiles and binds the two closer together in their bid to buy Thomson-CSF, the French electronics company due to be privatised shortly.

UK NEWS DIGEST

End in sight for mail dispute

A settlement of Britain's postal dispute appeared imminent last night, but there was no sign of an early end to the London Tube drivers strike that brought another 24-hour shutdown in the capital and widespread traffic chaos yesterday. The next Tube shutdown is due on Monday. The breakthrough in the postal dispute was reflected in the decision by the Communication Workers union executive to call off its planned 24-hour strike for today saying "considerable progress" had been made towards a deal after four days of negotiations with Royal Mail at Acas, the conciliation service. The union's conciliatory gesture means the government will no longer need to go ahead with its threat to suspend the part of the postal monopoly on letter services from today. Mr Ian Lang, the trade and industry secretary, had intended to open up the postal services temporarily to competition if today's strike had gone ahead. Robert Taylor, London

Names' fraud claim 'high-risk'

Disident Lloyd's investors who tempted to turn down the market's £3.2bn (\$4.96bn) out-of-court settlement offer and rely instead on trying to prove that they are the victims of fraud to win compensation were warned yesterday that it was a "high risk strategy". It is understood the idea is being widely canvassed among Names - the investors who traditionally support the group Names, three leading figures describe the idea as a "last ditch initiative". Sir David Berriman and Sir Adam Riley, of the Association of Lloyd's Names and Mr Tom Benyon of the Society of Names said investors would lose all the benefits of the settlement for the risks of a legal action. They also claim that if proven, a charge of fraud would invalidate Names reinsurance and other insurance cover. "It would also simply push losses backwards to the Names," they said. Jim Kelly, London

NATIONAL LOTTERY

Operator looks overseas

Camelot, the National Lottery operator, confirmed yesterday that it hoped to expand to other countries, but refused to comment on a report that it had expressed an interest in a proposed lottery in South Africa. Under its UK licence, Camelot is classified as a "single purpose company" which is not allowed to enter any other business without the consent of Mr Peter Davis, director general of the national lottery. Davis, the lottery regulator, said it would scrutinise any proposal for an overseas venture by Camelot or any of its five owners. Responding to the report, in Electronics Times, Camelot said that it had held discussions with South African authorities as it had with lottery operators in other countries. Clay Harris, London

AIR SAFETY

British Midland fined

British Midland airline was yesterday fined £150,000 (£234,000) after admitting criminal breaches of aviation safety laws when maintenance errors almost caused an airliner carrying 183 passengers to crash shortly after take-off. In what the Department of Transport describe as a "potentially catastrophic emergency", the airliner lost almost all its engine oil after maintenance engineers failed to refit engine covers during a routine inspection last February. Shortly after take-off, the crew noticed the drop in oil pressure and made an emergency landing at Luton airport. The fine followed publication of a Department of Transport report into the incident which criticised both the airline and the Civil Aviation Authority for inadequate procedures. The case was the first criminal prosecution ever brought by the CAA against a scheduled UK airline. British Midland admitted two breaches of the Air Navigation Order 1989 by endangering the lives of both passengers and people on the ground. John Mason and Scheherazade Doneshkhlu

SIR DAVID NICOLSON

Respected businessman dies

Sir David Nicolson, who died recently at the age of 73, was the first chairman of British Airways and as such the man brought in to merge BOAC and BEA, the two state airlines. Sir Colin Marshall, current chairman of British Airways, paid tribute to Sir David, calling him "a highly respected and recognised businessman of the country". Sir David served in World War I and subsequently joined Vickers. He became chairman of the P-Z Consulting Group and was credited with being one of the first to introduce American business techniques into the UK. He was appointed chairman of the new BA board in 1971, while continuing as chairman of BTR, the engineering group. After the successful merger, he left BA in 1975 to become chairman of Rothmans International, the tobacco group. He sat on the board of many companies during his career, including VSEL, the shipbuilder, GKN and Tace, and the engineering group. He was elected to the European Parliament in 1979. Scheherazade Doneshkhlu

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Deadline set for N Ireland talks

UK and Irish officials have agreed that talks on substantive issues relating to the future of Northern Ireland should begin "no later than September 16". The setting of a deadline on the start of the so-called three-stranded talks - determining the future relationship between parties within Northern Ireland, between Belfast and Dublin, and between London and Dublin - was contained in a document circulated prior to talks chaired in Belfast yesterday by Senator George Mitchell.

The document also details an outline chronology beginning with a formal opening session of all-party talks next Monday after a breakthrough this week in the procedural deadlocks. The talks are expected to adjourn until September 9 when parties will be invited to make formal statements relating to the future of Northern Ireland and move to establish "an agreed machinery to carry forward the work on decommissioning". A senior official close to the talks said the document had been drafted with the aim of giving a "necessary impetus to the peace process", after the

setbacks of recent weeks, although there remained considerable scepticism about the chances of success. "Both governments still have a shared sense of the general direction in which things should move, and what the majority of people in Northern Ireland want. It could all still be blown out of the water though," the official said. Officials are hoping to make the issue of decommissioning part rather than a focus of the agenda in future talks. He added that "Northern Ireland's future within the UK" could not be negotiated.

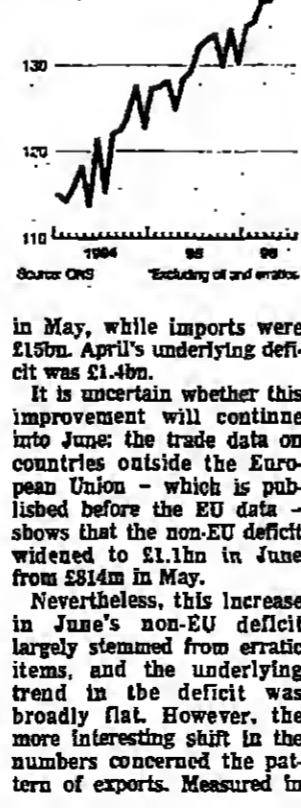
According to Irish officials, the way the proposed chronology has been set is a confidence building measure aimed at paving the way eventually for a resumed IRA ceasefire and the involvement of Sinn Fein in the talks. Mr David Trimble, the leader of the Ulster Unionists, said he was "quite pleased" with the way in which the procedures for drawing up an agenda had been structured, but insisted that the issue of decommissioning would be at the top of the agenda in future talks.

Competitive pricing aids upturn in EU exports

By Gillian Tett, Economics Correspondent

Fresh hints that the UK economy may be gathering momentum came yesterday after official data showed that UK exporters were seeing strong overseas growth again. In particular, UK companies are now having much more success in selling their goods in mainland Europe. This surge in trade is in sharp contrast with the picture seen in 1995, when an export slowdown soured the previous year's export boom. The unexpected upturn has boosted hopes that UK manufacturers may now be becoming more competitive - not least because their sales to Europe have been rising in face of weak demand in countries such as France and Germany. Nevertheless, the trade figures are subject to some uncertainty, not least because they have recently been revised. And with business surveys still suggesting that some companies are finding export markets difficult, price competition remains intense. Measured overall, the Office for National Statistics said that exports totalled a seasonally adjusted £14bn (\$21.84bn)

in May, while imports were £15bn. April's underlying deficit was £1.4bn. It is uncertain whether this improvement will continue into June: the trade data on countries outside the European Union - which is published before the EU data - shows that the non-EU deficit widened to £1.1bn in June from £814m in May. Nevertheless, this increase in June's non-EU deficit largely stemmed from erratic items, and the underlying trend in the deficit was broadly flat. However, the more interesting shift in the numbers concerned the pattern of exports. Measured in



volume terms, excluding oil and eratic - the most reliable guide to the trend - these grew 3.9 per cent in the three months to May, compared with the previous three months. Compared with the same period a year earlier, the rise was 8.9 per cent. This is about double the rate of yearly growth achieved during the 1990s, and much healthier than the pattern expected by economists. It is also higher than the rise in import volumes, which were 3 per cent higher in the three months to May than a year earlier. Export volumes to the EU rose a healthy 4.4 per cent in the past three months. Although exports to Germany have fallen slightly, sales to France, Austria, Finland and Sweden have been sharply higher. Manufacturers have only achieved this export surge through competitive pricing. EU export prices have fallen back by 0.6 per cent in the past three months, compared with the previous three months. Meanwhile, export volumes to countries outside the EU were 2.7 per cent higher in the three months to June than the previous three months, and 9.4 per cent higher than the same period a year before.

PUBLIC NOTICES

offer

NOTICE UNDER SECTION 11(2) OF THE ELECTRICITY ACT 1989

The Director General of Electricity Supply (hereinafter referred to as "the Director") pursuant to section 11 (2) of the Electricity Act 1989 (hereinafter referred to as "the Act") hereby gives notice as follows:

(a) He proposes to modify the conditions of the Licence granted to Midlands Electricity plc under section 6 (1) (c) of the Act by inserting new Conditions 2A (restriction on activity and financial ring fencing) and 2B (availability of resources) and by amending Conditions 1 (definition), 21 (disposal of assets) and 22 (provision of information to the Director);

(b) He proposes these modifications because the majority of the shares in the company holding the licence is now held by another company;

(c) In summary, the effect of the modifications is:

- (i) with small exceptions, to limit the Licence holder's business to the supply and distribution of electricity;
- (ii) to limit the extent to which the Licence holder may hold shares in other companies within its group of companies;
- (iii) to require the Licence holder to act in a manner calculated to secure that it has sufficient management and financial resources;
- (iv) to require the Licence holder to give an annual certificate as to the adequacy of its financial resources;
- (v) to forbid mortgaging assets or borrowing save for limited purposes;
- (vi) to restrict transactions with other members of its group of companies except on normal commercial terms;
- (vii) to require undertakings from its holding company that other companies within the group will refrain from action likely to cause the Licence holder to breach its obligations under the Act or the Licence, and that other companies in the group will give the Licence holder all information necessary to enable the Licence holder to comply with its obligation to give information to the Director.

A copy of the proposed modifications can be obtained (free of charge) from the Office of Electricity Regulation. Any representations or objections to the proposed modifications may be made on or before 26 August 1996 to the Director at the Office of Electricity Regulation, Hagley House, 83-85 Hagley Road, Edgbaston, Birmingham B16 8QG.

T DAVIS
Authorised on behalf of the Director
26 July 1996

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RECRUITMENT

Design graduates shy away from the uncertainties of a freelance career, says Richard Donkin

Full-time aspirations

The career aspirations of some of the UK's top graduates at this year's exhibition of graduate designers in London were revealing. All the design graduates I spoke to said they wanted a permanent job with an employer.

"This is what most people want but the full-time jobs tend to be quite thin on the ground," said Michaela Herron, a Manchester-based graduate.

Like many many of her contemporaries, her work was essentially of a standard that would support a successful solo career. But she had been offered a full-time job which she thought she would take - creating the security of full-time employment.

Graduates find it difficult to organise a freelance career once parted from the resources of the university design department. Lisa Jenkins, a graduate of Huddersfield University, was optimistic about selling one of her designs but admitted that she had little experience of negotiating a price. "The difficulty is that we don't want to over-price ourselves or sell ourselves short," she said. Jacquelyn Toose, a graduate of Chichester College of Higher Education, was hoping to sell a large wall hanging to the

Rover Group. This had involved her in a first encounter with the laws of copyright. "It would have been so useful to have had copyright explained at college," she said.

Sharon Plant, one of the organisers, said some university courses were beginning to cover commercial and marketing skills, but there were still very few of them. Jenkins said that although she would have found such a course valuable, her own studies were so comprehensive there would have been little room for it.

At least the students had a shop window to parade their skills. Some companies, such as Habitat, Liberty and Osborne & Little, support the exhibition with awards and exhibitions. For example, Liberty, the London department store, is planning to exhibit some students' work in its new cafe. But not all potential employers are so supportive. I heard of one company offering a job without pay.

If the flexible labour market is becoming a reality the message does not yet seem to have filtered through to universities. Too few students are emerging

equipped to exploit the advantages of flexibility and instead are finding themselves vulnerable to exploitation.

Reference fears

The Bank of England has discovered what many of us already knew - that job references can be easily abused. Some banks, it appears, have been failing to take up references. There have also been instances of incompetent or dishonest staff receiving good references as part of deals persuading them to go quietly.

The Bank has warned against this practice in a letter circulated to 500 authorised banks. The letter, quite rightly, warns banks to consider the implications of failing either to check references fully or failing to give "frank references for unsatisfactory former employees".

If the proper use of references is being ignored there seems no point in having them.

The problem of delivering effective references, however, is not confined to the UK.

Brian Chandler-Lorenz, who runs a consultancy in biotechnology and healthcare in Bad Krozingen, Germany, has drawn my attention to employment laws in German-speaking countries which require employers to provide references for employees. These so-called "open references", or Zeugnisse, are enclosed with CVs in job applications.

If the employee is not satisfied, he or she can demand changes. It is not uncommon for poor performers to return their first drafts with alterations to present themselves in a better light. Chandler-Lorenz says that the tendency is, therefore, to write such open references in carefully coded messages. For example, the phrase: "He always did his best to..." means "He tried but couldn't do it."

Some employees have now been alerted to the codes. The open references, therefore,

have become virtually worthless but, says Chandler-Lorenz, "The ridiculous custom is still followed and no-one would dare send in a job application without his Zeugnisse."

A secure future

Fears are being expressed by the Lords public service committee that privatisation of the Recruitment and Assessment Service, the organisation which recruits fast-stream civil servants and candidates for the security services, could pose a risk to national security. The peers fear that privatisation might allow a foreign-held company to gain control of intelligence recruitment.

Their concern might be more understandable if the intelligence services could boast a history of unblemished recruitment success. In any case, the intelligence services have relied heavily over the years on foreign-born nationals in their service,

sometimes in senior jobs. Stephen Dorrell, who has carried out several studies of the UK intelligence services, points out that many of the most senior posts in MI6 were occupied by Russians up to the 1950s. There was a strong tradition of recruiting white Russians to counter the Soviet threat.

The later exposure of the Dutch-born George Blake as a Soviet spy did, however, inspire some prejudice against foreigners. In future there is likely to be greater co-operation in intelligence gathering between member states of the European Union, so the approach to recruitment may be due for a re-think.

He says: "I can see the stage in 10 years where there could be a European intelligence service staffed by French, German and British officers along with other colleagues from their European partners." In the short term, there seems little possibility of a foreign-owned recruitment ser-

vice. The shortlisted contractors are all British-based. If one of them were to be acquired by a foreign buyer it might not be too difficult to ensure that its UK civil service activities were kept as a secure entity.

Foreign affairs

Avoiding the sack may not be the first thing that comes to mind when you apply for an overseas assignment. But a spell overseas may not be a bad idea if you are worried about your future job prospects in the company downsizing programme.

Arthur Andersen, the management consultancy, has published a new study of international assignment policies which suggests there may be a lot of truth to the old saying, "out of sight, out of mind". It suggests that while the biggest multinational companies may have a firm grasp on their home-based personnel policies, their employment practices in overseas subsidiaries and joint ventures often fall short of best practice.

A survey of 19 international

assignment policies among 60 multinationals found half made no provision for the possible termination of an employment contract during an overseas assignment.

Some 65 per cent of the policies, said the report, did not deal adequately with repatriation and reintegration on completion of assignment. Other problems highlighted were failure to spell out details of medical cover or to consider any form of assistance for an employee's partner.

Karen Hamilton-Smith, head of Arthur Andersen's International Executive Services Practice, says the failure to operate effective controls of assignments mean that some companies are unable to quantify their costs or evaluate the business returns.

"Although employees are generally moved around the world under the terms of an established policy, such policies are often insufficiently flexible for a global market," she says. "The result is that unnecessary costs are incurred, putting the company at a competitive disadvantage."

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Reference 1173

Remuneration will include a highly competitive package of basic salary and bonus together with excellent benefits. In the first instance, please send a full CV including salary details quoting the appropriate reference number to Fiona Law at FLA Ltd, 211 Piccadilly, London W1V 9LD. Tel: 0171-738 9732.

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European Investment Bank

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Exceptional opportunity to join busy corporate finance team of prestigious bank at a time of significant growth. Good career development prospects.

THE COMPANY

- Blue chip European investment bank. Long established. Client focused. Profitable.
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- Corporate finance is a core activity and set to grow significantly. Clear strategy.

THE POSITION

- Join successful, highly professional team focusing on UK and European financial institutions market.
- Important role in small team. Work closely with Directors on every aspect of deal creation, structuring and execution.

Take rapid responsibility. Build relationships with clients and colleagues.

QUALIFICATIONS

- Bright graduate, newly qualified ACA. Knowledge of financial institutions sector preferable.
- Highly motivated, entrepreneurial and ambitious. Strong interpersonal and communication skills. Ability to absorb pressure. Team player.
- Numerate, p.e. literate with strong financial modelling aptitude. Demonstrates good attention to detail. European languages advantageous.

Please send full cv, stating salary, ref FS60706, to NBS, 10 Arthur Street, London EC4R 9AY

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Attractive Package

UBS Asset Management London Limited is the parent Company of PDM Limited, one of the UK's leading fund managers with over £50 billion funds under management. We are seeking to recruit an individual within our marketing department to undertake the following responsibilities for both UK and designated international markets.

The role

- construction of written responses to questionnaires from investment consultants and prospective clients
- interpretation of the company's operations for drafting of submissions and RFP's for new business enquiries
- responsibility for quarterly information packs and general unit trust information
- supervision of one staff member
- scope, in due course, to further develop into other areas within an expanding department.

The successful candidate

The individual will be required to gain an understanding of the PDM investment philosophy and process and its practical implementation. The following requirements also apply:

- an understanding of the use of performance measurement and its results
- at least 2 years' experience of the investment industry, ideally within investment consultancy or a related field
- degree level preferred, or at least A Level standard education
- a dynamic personality with confidence in liaising with fund managers and senior staff throughout the company
- very good oral and written communication skills
- experience of staff supervision, and ability to work as part of a team
- ability to use own initiative and to be proactive.

Interested candidates should send their CV to:
Linda Totton
Senior Personnel Officer
UBS Asset Management London Limited
Triton Court, 14 Finsbury Square,
London EC2A 1PD

UBS Asset Management London

The EIB, the financing institution of the European Union, is currently seeking for appointment to its Legal Directorate at its headquarters in Luxembourg a

Lawyer (m/f)

European Investment Bank

A career in the heart of Europe

in a challenging international and professional environment, the lawyer of English mother tongue will form part of a team responsible for English-language legal operations and will draft and negotiate documentation for the Bank's operations. He or she will also advise the lending departments of the Bank on legal structures for secured financing operations, will negotiate and liaise with external legal counsel and co-financiers and will advise on general legal issues affecting credits and may be called on to advise on legal questions affecting financial markets, restructuring and post signature procedures.

Qualifications: Candidates will be members of a legal professional body in a country of the Common Law tradition. They will have a minimum of three years' post-qualification experience in banking law or commercial and financial law. Knowledge of Civil Law and EC Law would be an asset. The selected candidate will have proven drafting and inter-personal skills, competence in word-processing and an ability to work under pressure. He or she should be able to demonstrate qualities of energy, imagination and sound judgement as well as a sense of discipline.

Languages: Perfect knowledge of English together with very good command of French. Knowledge of other languages would be an advantage.

The EIB offers attractive terms of employment and salary with a wide range of welfare benefits. Applications from women would be particularly welcome.

Applicants, who must be nationals of a Member Country of the European Union, are invited to send their curriculum vitae, together with a letter and photograph, quoting the appropriate reference, to:

EUROPEAN INVESTMENT BANK
Recruitment Division (Ref. JU9610)
L-2950 LUXEMBOURG. Fax: +352 4379 2545.

Applications will be treated in the strictest confidence and will not be returned.

Department needs a (m/f)

Senior Financial Engineer

Responsibilities: implementation of pricing and FOMMO risk simulation of future P/L and credit in-house C++ programmers; performance measurement and management and trading desks. manager evaluation and incentive arbitrage and hedging models for interfacing with third party developers, writing analytics specific providing financial engineering, industry to the Bank's professional and capital market related

Mac or preferably minimum of 2-4 years post graduate Trading or Risk Analysis Instruments with and later

European Bank for Reconstruction and Development

The European Bank has a unique challenge to assist the countries of central and eastern Europe and the former USSR in their transition to market economies.

The European Bank supports projects through lending, taking equity positions and providing technical assistance.

The Bank's Treasury Department is responsible for managing the Bank's assets and liabilities, funding, adding value by active multicurrency asset management and advising banking teams on the structuring of project loans and risk management. Treasury uses state of the art financial concepts, instruments, techniques and systems to add value and manage risks.

Along with a competitive compensation and relocation package, we offer action and achievement in an historic enterprise.

MANAGING DIRECTOR - ASSET MANAGEMENT

Member of the Board

Frankfurt

Substantial remuneration package

Our client is a premier investment management organisation which operates globally and provides a full range of asset management services to both the institutional and private investor. As a result of our client's continuing, worldwide development, this exciting and demanding role has arisen and created the need to recruit an individual of the highest calibre to further strengthen the Group's leading position in Germany.

Your objectives will be to lead the asset management group in order to:

- Maximise the sales and marketing activities through an entrepreneurial and creative outlook
- Achieve substantial growth rates of market share and business volume
- Develop a long term strategy and to drive its successful implementation
- Help secure consistent and outstanding performance

You will be an experienced banker, with ideally 8-10 years in asset management, capital markets or relationship management. You will thrive in an intellectually stimulating environment where personal contribution is highly valued. Your presence and reputation will give you instant credibility and will allow you to make a significant contribution to our client's worldwide success in asset management.

Interested candidates should write with full CV, quoting current rewards package to Peter Rickmeyer, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY. Tel: 0171 430 9000. Fax: 0171 405 5995 quoting ref: LPR14926/FT.

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Vice President Frankfurt
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Please telephone BRIAN GOOCH or send a detailed CV in confidence.

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CFO - Bermuda Investment Management/Treasury Focus

Leading Bermuda-based insurance company (\$2.2 billion in assets) seeks CFO to oversee investment portfolio managed through outside money managers, to directly handle the treasury function and banking relations, to supervise accounting, tax and audit, and to serve as a key member of the management team. Competitive package including housing subsidy, car and tuition in Bermuda or overseas for dependent children. Please reply in confidence to: Financial Times, Box A5644, Number One Southwark Bridge, London SE1 9HL.

Bond Analyst/Strategist

As one of the largest and most respected banks in the world, our client is regarded internationally as one of the leading and most prestigious names in the dynamic arena of emerging markets. The research team is currently expanding and wishes to recruit an experienced bond analyst to join them in London.

The analyst, reporting to the head of emerging markets research in London, will join a small team of economists and market specialists. The role will focus on providing detailed analysis of global emerging markets, particularly covering central and eastern Europe. The purpose of this research is to provide support to the internal trading and sales teams, covering all categories of debt, carrying out pricing and recommending trading strategies. In addition, there will be extensive external client contact, providing support, advice and recommendations at all levels.

The minimum academic requirement is a good degree in mathematics or other quantitative subject. Work experience must include at least two years' within the bond markets, with the ability to demonstrate a thorough understanding of debt markets and derivatives. A detailed knowledge of emerging markets is not required, but would be appreciated. Other key attributes which will be valued include: excellent quantitative and analytical skills; the ability to communicate and present effectively at a high level; self-motivation combined with the ability to work well as part of a team.

A highly competitive remuneration package is offered which reflects both the demands and importance of the position and will be commensurate with experience and ability. Interested candidates should contact Clare Kearns or Katie Etheridge who will treat all enquiries in confidence.

ASL Search and Selection
City address: 2 London Wall Buildings, London EC2M 5PP
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THE ROLE

- Responsible to the Senior General Manager, Systems and Operations for delivering the highest quality and most efficient insurance services to the Lloyd's market.
- Leading, motivating and developing a talented team of 340 staff and managing a budget in excess of £15 million. Understanding the key business drivers and improving them to the real advantage of service users.
- Spans the development of a business unit culture which is close to customers and harnesses internal initiatives to position LPSO as the leader for the future.

THE QUALIFICATIONS

- Progressive graduate with excellent record of success in the management and marketing of a large scale, process-oriented business. Demonstrable achievement in improving services and building commercial success - probably in a blue-chip financial services organisation.
- Well-developed people and business management skills. Strong leadership skills with the ability to get the best out of a team to achieve demanding objectives. Able to use IT to deliver service improvements.
- Stature, poise and persuasiveness to influence customers and senior members of Lloyd's. Appetite for achieving challenging targets sensitively.

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London

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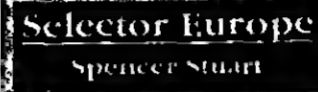
THE ROLE

- Responsible to the MD Business Development in the US for the development and execution of Commercial Finance's acquisition and business development programme in Europe.
- Targeting relevant public and private companies and leading detailed negotiations principal to principal. Managing additional professional support as necessary.
- Developing strong relations both internally and externally to identify opportunities and synergies for the Group as a whole.

THE QUALIFICATIONS

- Outstanding, high achieving corporate finance professional with a distinguished record in a blue-chip bank - probably now a senior AD or Director.
- Authoritative origination and transaction experience in M&A - ideally with experience of international financial services acquisitions.
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Due to continued expansion, outstanding opportunities now exist within the Swaps Derivatives team for individuals to support business activities including Swaps, Caps, Floors, Swaptions and Exotics. As part of the Middle Office team you will provide an independent review and business analysis of all Front Office Trading activities.

Key Responsibilities:

- Immediate 'real-time' validation and analysis of new trades.
- Daily analysis of Traders end of day P & L and positions.
- Review of business risks.
- Enhancement of the control infrastructure.
- Integration of new products and business.

Key Requirements:

- Three to six years Investment Banking experience gained within Product Control/Trade Support, IT or Audit.
- Relevant audit or consultancy experience from a big six accountancy firm will also be considered.

- Ideally a minimum of two years exposure to derivative products.
- Additional qualification such as ACA or MBA would be advantageous.

Successful applicants will have outstanding communication skills and the desire to succeed in an environment of high growth and continued expansion.

To discuss these opportunities further please call Stephen Grant at Morgan McKinley Associates, Ruskin House, 40/41 Missouri Street, London WC1A 1LT. Telephone: 0171 404 4100 Fax: 0171 404 4334.



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QUANTITATIVE ANALYSTS

A leading global investment bank seeks to recruit Quantitative Analysts with one to two years' relevant experience. The positions are based in the London Fixed Income and Equity Derivative groups.

The Fixed Income role involves the construction of mathematical term structure models for the pricing and hedging of exotic fixed income derivatives and there is a high degree of contact with both the derivative structuring group and the trading desk.

In Equities, the role involves the structuring, modelling and pricing of equity derivatives and includes a high degree of contact with both marketmakers and the trading desk.

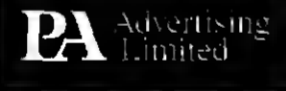
Candidates must have an excellent first degree and/or a PhD

in a quantitative subject (eg: Applied Mathematics, Physics, Quantitative Finance), good programming skills in C and C++ together with excellent communication skills and the ability to work under pressure in a small, dynamic 'front office' group.

An excellent remuneration package will be offered to successful candidates.

To apply, please send a full CV which details your current remuneration package to PA Advertising Limited, Number Two Caxton Street, London SW1H 0QE, quoting the appropriate reference number:- ref: KLW1 for the Fixed Income position, and ref: KLW2 for the Equities position. The closing date for applications is Friday, 9th August 1996.

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Ideally, we are looking for a proven Network Manager who is looking for new dimensions and challenges. Alternatively, if you have experience in dealing with foreign securities and sub-custodians, and would like a future in Network Management, you may be the person we are looking for. Applicants should have at least 3 years experience in the securities industry, be team oriented and have excellent communication skills. A second language would be advantageous.

Network Manager Securities and Custody Services

Deutsche Bank offers a challenging and rewarding environment, substantial growth opportunities and generous packages which include comprehensive banking benefits.

Please send your application stating your earliest possible start date to:
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Personnel (Head Office),
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With a recent substantial increase in funds under management, an additional individual is required to assist with the management and administration of the investments. He/she will be required to liaise with external advisers and financial institutions, manage investment portfolios and prepare, and present, investment reports.

The successful individual will have excellent analytical skills, and experience to preparing and presenting financial management information. Previous fund management experience is required. He/she will be prepared to work to a small team, and be willing to undertake a wide variety of duties and additional responsibilities as, and when, necessary.

Some travel may also be required.

The candidate will be educated to degree level, and will either be a qualified accountant, or training for an investment management qualification. He/she should have, at least, 2/3 years experience working in an investment environment.

Reply in confidence to:
MAAF Investments BV,
Ref: Fund Management,
Hoofstraat 5,
2614 BE Den Haag,
Netherlands.

INVESTMENT RESEARCH ANALYST

LICHFIELD NEGOTIABLE

The Police Mutual Assurance Society is a highly successful financial services organisation in a niche market, managing funds in excess of £750 million. At a time of continued, significant growth, we are now looking to complement our well balanced professional investment team through the appointment of a Research Analyst who will make a major impact on the Fund Managers' performance by validating and co-ordinating external analysis, originating internal research and producing portfolio recommendations.

Ideally, the appointee will be AIMR qualified with a minimum of five years' research experience. Career background should reflect a sound knowledge of U.K. equities gained within an appropriate financial institution, e.g., life office, unit trust management or pension fund. Technical knowledge will be complemented by highly developed skills, including oral and written communication, team working, interpersonal skills and a capacity for objective and conceptual thinking.

If you feel that you would enjoy the challenge that this career opportunity offers, linked to a competitive salary and range of benefits, please apply in writing enclosing a full curriculum vitae and salary indicator to:

Personal Manager
POLICE MUTUAL ASSURANCE SOCIETY
Alexander House, Queen Street,
LICHFIELD
Staffs. WS13 6QS

Please mark the envelope 'Confidential' and quote reference number FT31.

Closing date: 9th August, 1996.

Senior Investment Consultant Associate

Cambridge Associates (UK) Limited provides investment and financial consulting to a broad range of institutional clients in Europe. The position will involve providing assistance in advising clients and preparing research reports on a wide range of investment topics. Candidates should have a thorough knowledge of investment management theory and practice, strong quantitative and conceptual analytical skills, and excellent written and oral communications skills. Cambridge Associates (UK) Limited is regulated by IMRO and the position will require that the candidate acts as a Company Representative.

Compensation will be commensurate with experience. Please write enclosing a CV to: Mrs. S. Wilson, Cambridge Associates (UK) Limited, 25 Savile Row, London, W1X 1AA.

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Zur personellen Verstärkung unseres jungen dynamischen Teams suchen wir zum nächstmöglichen Termin eine(n) erfahrene(n) Eurogeld- und Devisenbändler(in).

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Interessierte Damen und Herren bitten wir, die vollständigen Bewerbungsunterlagen mit Gehaltswunsch und frühestem Eintrittstermin an unsere Personalabteilung zu senden:

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Qualified candidates should send their resumes with accompanying letter to our UNITED STATES REPLY SERVICE:

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Outstanding opportunity to make a difference in the financial sector of the Ghanaian economy

As a Ghanaian head of an established financial institution, you will ensure that the tactical and strategic plans of our client are achieved. Assisted by a team of dynamic and competent managers, the successful candidate will manage and take full responsibility for the day to day running of the organisation.

Aged preferably between 45 and 55 years, you will have a minimum of a first degree in Economics, Banking or Finance coupled with extensive experience in the financial sector. You must demonstrate a firm grasp of the workings of the Ghanaian financial markets, detailed knowledge of current economic trends and the ability to run a financial institution in such an extremely competitive environment. Your broad experience should include senior level management experience in a reputable financial organisation together with high level interaction with international institutions with whom you will be expected to liaise.

Write or fax in confidence enclosing your current CV including contact telephone numbers by the 16th of August, 1996 to Ms. M. Nanka-Bruce, KPMG Management Consulting, Second Floor, Mobil House, P.O. Box 242, Accra, Telephone: (233-21) 664881-4, Fax: (233-21) 667909.

KPMG Management Consulting

METALS & MINING ANALYST

London

Our client, a prestigious US investment bank, is looking for a Research Analyst with a strong financial analysis background. Reporting to the Research Team Leader - Europe, the successful candidate will play a significant role in all aspects of company and industry research and marketing. Liaison between European, Asian and US Research as well as with Sales & Investment Banking will be a key element in this position.

The following attributes are critical:

- Two or three years' experience as an equity research analyst, covering metals and mining with a leading player in the field.
- Experience in covering South African and/or Australian markets as an equity analyst.

- Excellent financial analytical skills together with relevant professional qualifications.
- Strong written and oral communication, and presentation skills.
- Tenacity and professionalism.

The successful candidate will have a superior academic background to include a degree ideally in Finance or Accounting.

The remuneration package will be competitive. To apply, please write, enclosing a full CV to Alastair Lyon, Confidential Reply Handling Service, Ref 472, Associates in Advertising, 5 St John's Lane, London EC1M 4BH.

Applications will only be forwarded to this client, but please indicate any organisations to which your details should not be sent.

ASSOCIATES IN ADVERTISING



Global Trade Finance Group

Kredietbank N.V.'s newly formed Global Trade Finance Group is seeking to recruit staff for the following positions:

- Commodity Finance Officers
- Documentary Credit Officers
- Credit Administration Officers
- Secretary/Receptionist

Individuals wishing to apply for any of the above positions must have very good technical and communication skills, a minimum of five years experience and be flexible enough to fit into a small team environment. In addition candidates should be able to demonstrate initiative, enthusiasm and good PC skills. An ability to converse in another major European language would be an advantage but is not essential.

The roles are interesting and varied, and an attractive remuneration package, including the full range of banking benefits, will be offered to successful candidates.

Please write, in confidence, with full personal and career details including current remuneration, to Sharron King, Kredietbank N.V., Exchange House, Primrose Street, London EC2A 2HQ.

KREDIETBANK N.V.

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LONDON

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This is a first time appointment for an executive, preferably with a commercial property, financing and accounting background. The role will be to operate within the Firm's established Finance Group, focusing specifically on the growing demand for the financing of commercial property assets of corporate occupiers in the UK and throughout Europe. This role will be suitable for those who have experience in the field of structured financing with particular knowledge of balance sheet and tax considerations. The successful candidate will work alongside JLV colleagues to pitch for, win and execute financing mandates from the Firm's corporate client base. Accordingly, it is essential that the successful candidate can demonstrate an ability to both advise and implement. Presentational and personal communication skills will be of great importance as will familiarity with analytical techniques using spreadsheets.

Please apply in writing, with full career and salary details to: Brian Kelly, Recruitment Manager, Jones Lang Wootton, 22 Bouverie Square, London W1A 2BN.

Jones Lang Wootton

Appointments Advertising

Every Wednesday & Thursday the Financial Times Appointments pages appear. Wednesday's section is aimed at the Banking, Finance, IT and General Appointments markets, and Thursday's pages are for Accountancy vacancies. Both days are essential reading for any seriously career minded individual.

For information on Appointments Advertising please contact:
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Toby Fenton-Criffs on 0171 673 3458
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ACCOUNTANCY APPOINTMENTS

Chief Accountant

London

£40-50,000

The Middle East Broadcasting Centre, a part of ARA Group International, provides a television service to Arabic speaking viewers in four continents.

Since its formation in 1991, its mixture of news and entertainment programmes and its high quality international outlook has made MBC the favourite television service for people of 2 dozen cultures spread across half the globe.

With viewers and advertising revenues rising, this is an exciting time for the organisation as they continue their expansion plans. It is against this background of positive change that MBC now seeks to appoint a high calibre Chief Accountant.

As the number one finance person, your brief will be to increase the quality of service

provided to managers across the business. These will include the crucial areas of programming, budget control, production costs etc. It may also be necessary to examine the systems within the accounts function and make changes where necessary. In the medium term there is ample scope to develop the role further.

The successful candidate will be a qualified accountant with excellent interpersonal skills, ideally with previous TV or media experience. Whilst not essential, fluency or a knowledge of Arabic would be an advantage.

Interested candidates should send an up-to-date curriculum vitae, quoting reference 301208, to Michael Deane at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.



Michael Page Finance

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EUROPE
WIDE

c.£100,000

- + Substantial Stock Options
- + Benefits

This must represent one of the most exciting opportunities for an entrepreneurial finance professional in years. Our client, in less than five years, has grown from start-up into a one billion dollar global business. Operating in the highly competitive personal computer industry it owes its success to being a highly efficient state-of-the-art distributor of commodity products.

They now wish to appoint an innovative, entrepreneurial and highly commercial Finance Director to help further strengthen the company and assist them in attaining their vision of a public offering or strategic alliance by the end of 1997. Clearly this position requires a broader skill set than most. With a sizeable team already in place you will need to demonstrate strong day to day financial control skills including all treasury related issues, short and medium term strategic planning and overall development of the function to meet future business needs. Experience of mergers and acquisitions will also be a key skill in driving the company forward. Serious contenders for this role will, in addition, possess the following:

- Educated to degree level and a qualified accountant. An MBA would be advantageous.
- Likely to be aged 35-40 with strong international experience.
- Knowledge of American accounting procedures highly desirable.
- Entrepreneurial skills combined with the ability to inspire confidence.

This position offers an outstanding opportunity to direct a highly successful company's finance division. Stock options will be substantial if you feel you have the vision, technical experience and drive to realise yours and the company's ambitions then please write to:

Andrew Llewellyn, clearly stating current remuneration and quoting reference number UKR 0066, at Nicholson International Search & Selection Consultants, 34-36 High Holborn, Bracken House, London WC1V 6AS. Alternatively fax your details on +44 171 404 8728.

NICHOLSON INTERNATIONAL

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GROUP ACCOUNTANT

THE COMPANY

- Family owned investment company managing operations in Europe, Americas and Caribbean. The company also manages a large marketable global investment portfolio, property and direct investments in companies.
- Based in the head office situated in The Hague, Netherlands with a small group of less than 10 people.
- Growing a profitable operations with a recent large inflow of funds resulting in the restructuring of the present staff and the need for a new group accountant.

THE POSITION

- Responsible for all group accounting, consolidations and multicurrency cash management.
- Manage audit process. Provide support to acquisition investigations.
- Ad hoc business projects.
- Develop integrated systems strategy. Close liaison with subsidiaries.

QUALIFICATIONS

- Graduate Chartered Accountant. Newly qualified.
- Investment/banking/insurance experience preferred.
- Computer literate - A knowledge of Novell networks, portfolio management systems and spreadsheets an advantage.
- Energetic and flexible. Mature and able to meet demanding deadlines.
- Enquiring, challenging, committed and able to work unsupervised.
- Must be fluent in English.

Reply in confidence to: MAAP Investments BV, Ref Accountant, Hootgraacht 5, 2514BE Den Haag, Netherlands.

COMPUTER AUDIT MANAGER

London

to £45,000 + Car + Benefits

Our client is a major worldwide name in the services sector and has a reputation for providing effective and innovative solutions.

As part of its continued expansion, they are seeking to recruit a computer audit manager to augment their division. Working as part of a highly focused team, you will be involved with:

- Control and security reviews
- Pre-implementation reviews of systems under development
- Pre- and post-implementation control evaluation of complex application systems
- Specification, design and operation of CAATs
- Provision of training and support to staff
- Provision of internal consultancy services to senior divisional management

A qualified accountant, ideally ACA, you should possess a minimum of 2 years computer audit experience, gained either in a 'Big 6' firm or a large commercial internal audit department. In addition to an enquiring and analytical approach, you will have confidence to challenge often complex issues and liaise effectively with non-finance staff. This is an excellent opportunity to move into a technically challenging environment in an organisation that offers career development and opportunity.

To discuss this opportunity in total confidence, please contact Jayne Bowtell or Julie Thompson on 0171 405 4161. Alternatively, send your CV to them at the address below.

FMS, 5 Broom's Buildings,
Chancery Lane, London EC4A 3DF.
Tel: 0171 405 4161. Fax: 0171 430 1140.
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Securities Industry
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Our client is a worldwide financial services organisation whose global custody division, a leader in both emerging and emerging markets, is well known for the provision of custom-tailored solutions to a top-tier corporate client base. A rapidly growing global business, combined with complex tax reclamation and compliance procedures in many jurisdictions, has led to the creation of a senior operational role. As Head of Global Tax Operations for this division you will:-

- Lead, manage and motivate a multi-disciplined team located in both Europe and the US
- apply a clear understanding of the operation of worldwide double tax treaties, and design and manage tax administration processes to improve customer service
- ensure full compliance with relevant legal requirements in the increasing number of countries in which our client operates
- create and maintain strong lines of communication between the organisation and its customer base

You will currently be working at a senior level with the Inland Revenue, a leading professional firm or a bank. Mature enough to build and delineate the role, you must also have the flexibility to manage change within a dynamic area. Needless to say, our client is seeking a particularly special individual for a highly responsible and visible role. If you can make a significant contribution to this new management challenge, then we would be keen to discuss the position in more detail. Remuneration will not present a barrier to the right candidate.

Contact Matthew Phelps on 0171 415 2800 or forward a comprehensive resume to him at Brewer Morris, 179 Queen Victoria Street, London EC4V 4DD. Evenings/weekends 0181 940 1783.

BREWER MORRIS

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Financial and Systems Accountant

Poland

Excellent Package + Car

CPC Poland, a subsidiary of the \$9 billion CPC International Corporation, has grown rapidly since its creation in 1992. It aims to be the leader in its field for Central and Eastern Europe by the year 2000, with a projected turnover of \$200 million. As a result of an internal promotion, the company is now looking to recruit a highly motivated individual to join their team in Poznan.

Reporting to the Financial Controller, responsibilities will include assisting in local statutory and international reporting. You will be responsible for completing the implementation of a new computerised accounting system with emphasis on inventory accounting, fixed assets and costing. Other tasks will include the design and introduction of internal control procedures and management of staff.

Candidates for this role will be part or newly qualified accountants with an international qualification. You will have a good knowledge of financial

control principles and financial accounting, ideally gained in the profession. Experience of US GAAP and Polish accounting is preferable as are excellent interpersonal and team management skills. In addition you will be highly computer literate. Ideally a Polish national, you will be fluent in Polish and English.

Full assistance is available for those individuals wishing to complete their accountancy qualifications. The company offers excellent long term career prospects, with the successful candidate taking part in extensive management training programmes in Poland and internationally. There are possibilities of job exchanges in the CPC organisation throughout the world.

Interested candidates should forward a comprehensive CV with salary details in confidence, quoting reference 300386, to Catherine Zasadzka at Michael Page Eastern Europe, Page House, 39-41 Parker Street, London WC2B 5LH. England or by fax on +44 (0)171 404 6370.

MP

Michael Page Eastern Europe
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Controller

Prague

Excellent Package

Planet Hollywood is one of the most dynamic and fast moving companies in the world. Since its launch in 1991, it has opened in excess of thirty movie based theme restaurants throughout America, Europe, Australia, the Middle East and the Far East. Its flotation on NASDAQ was one of the most successful in history and the company's capability to attract high profile publicity, customers and business opportunities is unparalleled.

As a result of Planet Hollywood's international expansion, the organisation has targeted Prague as its launch into the Eastern European region in 1996. The Controller will report directly to the European Finance Director in London with dotted line responsibility to the General Manager in Prague. Responsibilities will include full financial control, managing the accounting department, regulating the banking transactions and ensuring the strict reporting deadlines are adhered to. More important however is your skill in analysing the performance of the restaurant and helping with the strategic direction of the business in Prague.

The ideal individual for this position must demonstrate the ability to thrive in a hectic and fast moving environment, whilst meeting strict deadlines. You will already possess an excellent track record of success in finance, ideally gained in the hospitality industry, with an in-depth understanding of the local business environment. A knowledge of US GAAP would also be an advantage. The business language is English, but Czech linguistic skills are essential for success in the role. Key attributes required are integrity, drive, communication skills, being a team player and computer literacy.

So why not join in the success and growth of a unique company?

Interested candidates should forward a comprehensive CV, including remuneration details and daytime telephone number, quoting reference 296285 to Michelle Socher at Michael Page Eastern Europe, Page House, 39-41 Parker Street, London WC2B 5LH, UK, or fax +44 (0) 171 404 6370. For further information please telephone +44 (0) 171 831 2000.

MP

Michael Page Eastern Europe
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APPOINTMENTS ADVERTISING

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Robert Hunt on +44 0171 873 4095

Finance Director

Hungary

£ Excellent Package

Our client is a leading advertising agency with offices throughout the world and capitalised billings of \$8 billion. They now seek a Finance Director for their operation in Budapest, one of the largest agencies in the country, which handles the accounts of many major multinational and leading national clients.

The person will need to forge a strong partnership with the General Manager and become an active participant in the management of the business. He/she will be expected to lead the financial aspects of client transactions to maximise the benefits to the company. Other responsibilities will include budgets and forecasts, managing costs, negotiating with suppliers, statutory reporting and tax compliance. As well as providing timely reports to the company's European headquarters, the person will be expected to

work closely with the European Finance Director regarding risks, new business opportunities and variance analysis.

Ideally the successful candidate will be a qualified accountant with a proven track record within a multinational company at a senior level. They will need to possess strong commercial acumen together with the ability to work with management and clients at the highest level. Fluency in Hungarian, while not essential, would be a distinct advantage. Career prospects are excellent.

Interested candidates should forward a comprehensive CV in strictest confidence, quoting reference 301191, to Hugh Everard, Director at Michael Page Eastern Europe, Page House, 39-41 Parker Street, London WC2B 5LH or fax it on +44 (0) 171 404 6370.

MP

Michael Page Eastern Europe
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FINANCE MANAGER

Birmingham

£40K + Bonus + Car + Bens

Our client, Sagem UK, is a market leader in the design and supply of prototype engine management technology to the automotive industry. Having only been established in the UK since 1992, they have experienced rapid growth with an expected current year turnover in excess of £45m. They are supported by Groupe Sagem itself a diverse hi-tech group with a turnover in excess of £2.4 billion and is one of Europe's top 500 companies.

Following a recent restructure they are seeking to appoint an exceptional accountant to head up the finance function. Reporting to the General Manager the successful applicant will have total responsibility for all financial aspects of the UK business from day to day accounting through to commercial business reviews and will play a key role as part of a pro-active management team.

To apply you will be qualified and will demonstrate a track record of achievement that sets you apart from the rest.

Interested candidates should write to Lucy Dimmock at Nicholas Andrews, 126 Colmore Row, Birmingham B3 3AP, enclosing a full Curriculum Vitae. Fax: 0121 236 5350.

GROUP

NICHOLAS ANDREWS

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European Asset & Liability Manager

London

£ Excellent + Car + Bonus

A major investment bank with representation in the world's financial markets wishes to make an important appointment to its European Treasury Asset & Liability Management Function. The treasury operation in London supports the Continental European businesses and is responsible for funding, capital planning, liquidity, and interest rate risk management.

The position is largely project driven and has arisen due to the promotion of the present incumbent. The role is primarily concerned with monitoring Continental European Asset & Liability Management issues and assisting the European businesses to achieve the most efficient structure in terms of capital and liquidity. The position entails regular European travel and the job holder will have extensive contact with both front office and support staff in the different offices. Therefore, proven communication and project management skills are a pre-requisite. The ideal candidate will have a good grounding in general regulatory accounting and, specifically, the impact of the CAD. Additionally, the candidate will be expected to have 3 years plus direct experience of complex

Treasury products and risk management techniques. Exposure to structured finance would be particularly interesting.

Enquiries are invited from candidates who can demonstrate a strong understanding of and commitment to the securities industry either through direct employment, or via experience gained in an audit or consultancy capacity. At minimum, candidates will be professionally qualified (ACA/ACT/MBA) and have the capability for further career development.

To progress your interest in this appointment, please send your curriculum vitae, including current remuneration, to Susan Millard/Richard Pooley at Ernst & Young Management Resources, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 3TH, facsimile 0171-831 1822 quoting ref 5M0832. Alternatively, contact Richard Pooley on 0171-831 1178 for a confidential, exploratory conversation.

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Leading High Street Licensed Retailer Financial Controller

North West London

Base salary to £65,000 + excellent benefits

Our client forms a major part of an international operation which itself is a division of a FTSE 100 group. It has over 1800 shops nationwide and leads its market segment, generating very respectable margins.

The opportunity now arises to join the company in the key financial control role. The business has made significant strides in adapting to market changes and developing innovative offerings. It needs to ensure that it is continuously looking at all means to keep it cost effective and competitive.

The Financial Controller role is designed to deliver much of this. It requires a professional accountant with around ten years' post qualification experience, probably in retailing, capable of investigating and implementing change.

The business involves its senior managers closely in strategic and commercial decision making. The Financial Controller will be expected to contribute, by identifying all available opportunities for improved performance and delivering it in the area of finance and systems.

This will be a demanding, professionally fulfilling position in a vibrant retailer. It offers considerable career development potential.

Please apply in confidence, giving details of your career and current earnings to AAD Executive Selection Ltd., 7 Curzon Street, London W1Y 7FL quoting Reference 0439.

AAD

The Executive Selection Division of The Odgers Group

Handwritten signature or stamp at the bottom of the page.

150000

HEAD OF INVESTMENT ANALYSIS

Global Entertainment

Our client is a world class brand leader, and an internationally respected provider of high quality and innovative products, within the media and entertainment sector and has a turnover of over £2 billion.

This high profile role will be responsible for ensuring that all significant revenue and capital investment is made in accordance with the organisation's objectives and strategies. Specifically you will:

- Produce, implement and monitor investment guidelines, providing advice to the Board
- Formulate and implement an investment expenditure budgeting cycle
- Conduct post-investment audits, provide progress reports and monitor ROCE and non-financial payback
- Independently analyse and appraise all major investment proposals making appropriate recommendations

London

£60-70,000, car, bonus

The interaction with senior management and exposure at Board Level which these responsibilities necessitate will demand first-class analytical, communication and negotiation skills. The level of investment expenditure will require you to be a senior finance executive (Qualified Accountant and/or MBA), able to demonstrate previous success in the managing and appraising of high profile investment projects. High level intellect and a sharp business mind will be essential if you are to influence effectively in this demanding environment.

Interested candidates should write with full CV, quoting current rewards package to Karen Wilson, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY, Tel: 0171 430 9000, Fax: 0171 405 5995 quoting ref: HKW/4932/FT.

Hoggett Bowers

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FINANCIAL PLANNING MANAGERS

Fast Track Career Opportunities

Our client is a leading name in the entertainment business known throughout the world for its creative excellence. At the centre of this £2 billion turnover group the finance function provides vital support and direction.

These positions will ensure the careful analysis of past and projected performance and will lead to the setting of financial goals for divisions. Specifically you will:

- Independently assess business strategies, review budget proposals, spending plans and business performance to ensure maximum effectiveness
- Produce monthly accounts with relevant analysis highlighting performance, key issues and appropriate recommendations
- Be instrumental in the development of a long-term financial planning model
- Build strong relationships with Divisional management on activities, strategies and key performance indicators

London

£45-50,000, car, benefits

The breadth and profiles of these roles will require that you are a qualified accountant or MBA with well-developed business understanding in addition to technical knowledge and modelling skills. Experience of operating at a senior level within a large organisation would be useful. To impact on business efficiency your presentation and influencing skills must be strong. A well focused and sharp mind combining attention to detail with a broader perspective is crucial as is the ability to isolate and advise on key issues.

Interested candidates should write with full CV, quoting current rewards package to Karen Wilson, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY, Tel: 0171 430 9000, Fax: 0171 405 5995 quoting ref: HKW/4933/FT.

Hoggett Bowers

EXECUTIVE SEARCH & SELECTION



CORPORATE REVIEW MANAGER EUROPE

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Burns Philp & Co Ltd is an Australian global food company based in Sydney.

The Corporate Review Manager Europe will be responsible for providing business review services including internal audit and special purpose reviews across Burns Philp European businesses. The incumbent will work with Corporate, Divisional and Unit Management in improving the business processes, systems and controls in a number of financial and non-financial areas.

You should be degree qualified with a professional accounting qualification with at least 5 years exposure to manufacturing environments, this may be through an external audit role. Your experience will include audit with a sound understanding of accounting and taxation. A good understanding of IT applications and controls will be necessary to be successful in this role.

You will interact with a wide range of management, so excellent communication skills are essential.

As you will travel extensively (70%) you will have to be self motivated, meeting tight deadlines and possess a high level of professional maturity.

Language skills, particularly German, are essential in this multinational role.

The business fully expects the successful candidate to progress to a line position within a relatively short time period.

Initial enquiries should be directed to:

Bryan Pryce
Human Resources Manager Europe
c/o British Pepper & Spice Co Ltd
Rhosili Road, Brackmills, Northampton NN4 7AN
Tel: 44(1604) 766461 Fax: 44 (1604) 674071

QUANTITATIVE ANALYSTS

City Our client, a major global investment bank, is currently looking to bring new talent into its bond and equity research areas, with a view to building a new Fixed Income Quant team and supplementing existing equity teams. Opportunities exist in both areas for highly analytical individuals with exceptional academic backgrounds to enter a career in financial research and analysis.

- Applicants must have:
- A PhD/MSc level degree in a numerate subject (Maths, Engineering, Physics or Economics based)
 - A high level of analytical skill and academic/practical experience of quantitative/strategic research
 - Excellent communication skills, commercial acumen, ability to work effectively as part of a team

There are also opportunities for individuals with these qualifications and up to 2 years experience gained within the financial services sector, other business sectors (particularly pharmaceuticals, telecoms, oil & gas) or academia. Your current position need not be in pure research but should involve some practical use of quantitative analytical skills. Successful applicants will enjoy a structured career path and will potentially be among the City's highest earners.

Please call Tabassum Ahmad on 0171 628 5222. Alternatively fax or send CV to Rizwan Nash, 45 Beech Street, London, EC2Y 8AD, Fax: 0171 628 6270



Rizwan Nash

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Andrew Skarzynski on +44 0171. 873 4054

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Interconnection Systems Limited is a £150 million turnover world class manufacturer of high quality, high technology electronic components for a variety of blue-chip customers worldwide. The company has consistently achieved growth rates of 40% per annum and a continued focus on product quality and customer service backed by a reinvestment of 25% of annual turnover will ensure its continued pre-eminence in world markets.

Due to this continued expansion, which includes the opening of a second purpose-built site in the North East, they now wish to strengthen their high calibre finance function through a number of key appointments into their financial management team. Responsibilities will encompass:

- The preparation and interpretation of management information
- Working throughout the business to identify areas for potential profit improvement
- Ad hoc projects generated both by yourself and other managers.

Candidates, aged up to 30, will be qualified Accountants of graduate calibre with a demonstrable record of success in their career to date gained either within public practice or industry. Key requirements are: the ability to grasp new ideas quickly; to contribute in a multi-disciplined team environment and first class technical and interpersonal skills. The company is a true meritocracy and your career progression will be limited only by your own abilities.

Interested applicants should contact Fred Howie, Managing Director, at Northern Recruitment Group, Vine House, Vine Lane, Newcastle upon Tyne, Tyne and Wear NE1 7PU quoting reference 21161. Telephone 0191 261 6940 or Fax 0191 261 8466.



FINANCE DIRECTOR

High Technology Group

c. £55,000
+ Car + Benefits

pro-bel

The recent merger of Pro-Bel and The Chyron Corporation of the US has created a combined Group of companies with a world-wide reputation in the manufacture and distribution of high quality hardware and software for the multi-media markets. They have clearly established themselves as a major force and are keen to exploit the opportunities now available in the converging telecommunication and computer markets.

Pro-Bel is committed to further developing its success based upon continual technical innovation allied to a strong commercial awareness of each market sector within which it operates. To perpetuate exceptional planned growth on an international basis and to maintain and improve internal and external reporting standards, a key opportunity has arisen for an outstanding individual. Reporting to the Managing Director of Pro-Bel and the Chief Financial Officer of Chyron, you will be responsible for monitoring and interpreting the performance of the Group and applying technical expertise to a wide variety of accounting and business issues.

Specifically, you will:

- Centralise key functional areas of finance and, where appropriate, implement sophisticated information systems designed to enhance the performance of the Group.
- Develop key management reports and understand and comply with SEC reporting and compliance requirements.
- Investigate, negotiate and implement major expansion opportunities exploited through acquisitions, joint ventures or from internal resources and maintain investment and financial relationships.
- Strengthen the Group commercial management of rapidly expanding international sales.
- Maintain and develop a high calibre finance team by adopting a "hands on" policy to the daily management of the function.

As an ambitious qualified Accountant you should be able to demonstrate first class communication skills allied to a strong technical background including first hand experience of US GAAP reporting gained ideally from a high technology or business-to-business services environment.

This is a high profile position offering outstanding opportunities for front line exposure and career development in a dynamic group of businesses.

Interested candidates should write promptly to Charles Austin or Mark Rowley at Herst Austin Rowley, 30 St. George Street, London W1R 9FA, enclosing a full Curriculum Vitae and quoting reference HAR771. Fax: 0171 409 7872. E-mail: har@globalnet.co.uk

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FINANCIAL / COMMERCIAL DIRECTOR

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Our client is a US owned niche market IT solutions company with a reputation for innovation that is unsurpassed. They have experienced and continue to experience steady growth in the UK. As a result of their development plans they are now looking for a high calibre individual who can help develop the business in today's highly competitive commercial arena.

The position reports directly to the Managing Director and has the wide remit to co-ordinate all financial, legal, contractual and commercial activities of the company. Of key importance amongst these are: participation in the formulation of long term corporate business plans; optimising the

company's logistics to ensure optimum efficiency and profitability, negotiation and drafting of all major contracts, liaising with external advisors to ensure the company meets legal financial and commercial objectives.

The successful candidate will be a qualified accountant with a track record demonstrating considerable commercial acumen coupled with demonstrable career progression within the IT sector. He/she will also possess an ability to communicate effectively at all levels and have the insight and energy necessary to drive forward a modern business.

Closing date for applications is Wednesday 7th August 1996.

Please reply in confidence to the retained consultant Philip Macdonald quoting reference FT/DW/96.

Wade Macdonald Associates, Hedrich House,
24-26 Cross Street, Reading, Berkshire RG1 1SN.
Telephone: 0118 956 0600 Facsimile: 0118 958 3200
E-mail: wma@wademac.co.uk

Hays Accountancy Personnel

M A B

Finance Manager

Mayfair/Netherlands

£30-£35,000
plus full benefits package

The Organisation
MAB is a leading international property group involved in all aspects of commercial development in the fields of office, retail and multi function schemes, with a group head office in The Hague and 3 operating companies in the Netherlands, France, Germany and the UK involved in concept development, project and property management. Major expansion in business volumes at its small UK operation has resulted in a challenging new financial appointment.

The Role
In this progressive commercial environment, you will be expected to make a major impact on business performance. Key responsibilities will include:

- Supervising the day to day accounting of the company in line with Group accounting practices.
- In co-operation with parent company making proposals to investors and financiers, negotiating terms and arranging financial investments and procedures.
- Formulation of proposals for medium term plans and annual budgets, preparing detailed project appraisals, cashflows and forecasts.
- Analysis, monitoring and reporting on all financial matters to UK Directors and MAB's Group Finance Manager in Holland.

The Appointee
A qualified Accountant with experience in an international environment your key qualities and strengths should include:

- Strong analytical skills and a pragmatic approach
- Active, flexible, independent and firm personality
- High level of commercial flair
- Good "hands-on" accounting experience

To apply, please write enclosing your CV and current salary details to Tim Newton, Manager, International Division, Hays Accountancy Personnel, 404 Baker Street, London, W1B 1LA. Tel: 0171 486 6557. Fax: 0171 486 6503. This assignment is being handled exclusively by Hays Accountancy Personnel. All direct applications will be forwarded to them.



MANAGEMENT

From the first floor of a pre-fabricated factory building on the dusty outskirts of Florence a man with an interesting scar on his throat is explaining why he is a small but vital cog in the worldwide fashion machine that is Gucci.

There is little here to remind you of the fur-and-jewellery chic of Gucci's boutiques in Milan and Manhattan, unless you count the earring worn by Luca Fallu, 37, the gold-capped teeth of his business partner Emilio Giannelli, 40, and the leather wallets emerging from their production line.

But these men are part of a network of more than 70 small artisans, most of them based in northern Tuscany, who produce the leather goods which have contributed to the revival of the Florentine luxury goods company.

After 13 years in business and six years making wallets for Gucci, Fallu, Giannelli and their 20 employees are about to graduate to become one of the company's core suppliers. If they are accepted, they will join two dozen or so Gucci "partners". They will win a large measure of financial security in the form of guaranteed sales over the next three years. "We hope it's going to be a launchpad for us," says Fallu.

Becoming a Gucci partner is now, it seems, the dream of every humble Tuscan leatherworker. The success of the company's recent clothing collections has fuelled sales of everything carrying the marquee, from shoes to shirts. In the last year, Investcorp, the Bahrain-based investment group, has sold its entire stake in Gucci to two heavily oversubscribed public offers on the New York Stock Exchange.

Leather goods, including the famous bamboo-handle Gucci handbags, still account for more than half the group's \$500m (£320m) sales, and it is the area where growth is fastest. Turnover in leather goods nearly tripled in the first quarter of this year, compared with the first three months of 1995.

Giuseppe Fossati, who started working leather 25 years ago, switched from making bags for Gianfranco Ferré last year and is now one of Gucci's biggest partners, employing nearly 100 people in three companies on the fringe of the Chianti wine region. Last September he was producing only 1,000 bags a month; now his output is 7,500. "We still say we're small artisans, but working for Gucci we can reach industrial levels - something which was unimaginable a year ago," he says.

Working for Gucci has not always been so lucrative. When the impact of family squabbles and poor management finally drove the group into loss in the early 1980s many loyal suppliers were squeezed.



Leather goods, including Gucci's famous bamboo-handle handbags, account for more than half the group's sales

Sales in the bag

Andrew Hill on how a network of artisans producing leather goods has helped to revive the Gucci empire

Domenico De Sole, chief executive for the last 12 months and former head of Gucci America, was called back to Italy by Investcorp to reposition the company in 1993. One of the first things he did was to go out into the hills around Florence to visit the suppliers with Claudio Degl'Innocenti, logistics manager for leather goods.

De Sole says most of those which had abandoned Gucci when times got hard came back - on the promise that debts would be paid off. Now that the good times have returned, the flexibility provided by a network of independent artisans is proving invaluable.

"It helps us enormously," says De Sole. "The secret here is not only to be the best designer, but to have superior quality, and the difficulty is increasing turnover and maintaining quality." All suppliers, partners or not, have to submit to five or six months of quality control before Gucci will take them on. If Gucci is forced to reduce its output, the partners will be the last to be affected, and in the meantime they receive technical, financial and management support. "These guys understand how to make bags - they're the best in the

world - but they haven't necessarily been to Harvard Business School," points out De Sole. For the luxury goods industry, such a system is now unusual. Most of Gucci's competitors have moved towards the development of smaller product ranges and control of their own manufacturing. In France, Hermès' famous Kelly bags are made in-house and Prada, the Milan-based luggage company, has phased out its network of sub-contractors.

But the "indotto" - the Italian name for a network of small suppliers - is common to other sectors. The economy of Turin, for example, has traditionally relied on work subcontracted by Fiat, the automotive and industrial group, and the area around Florence is well-known for leather and textiles.

Bringing these artisans under the wing of Gucci, without absorbing them into the group, is the best solution for both parties. As Giannelli, one of the aspiring Gucci partners, puts it: "If we were Gucci employees we wouldn't have this incentive to grow faster alongside the company." Independence only goes so far,

however. Most suppliers are already within easy reach of Gucci's Florence base, making it possible for production managers to carry out direct checks regularly. Gucci partners are not allowed to manufacture for anybody else and the group's control over its core suppliers is likely to tighten in the coming years as supply is stepped up to meet growing demand.

"When we're increasing volume, as we are doing at the moment, it's clear that a final control is no longer enough - we also have to monitor the entire process," says Degl'Innocenti, now in charge of logistics for the whole group.

For example, Gucci buys and cuts the leather before sending it for assembly to the suppliers, but in future Degl'Innocenti envisages the possibility of monitoring computerised cutting machines, installed at larger suppliers, from a sort of "virtual cutting centre" at headquarters.

Whether the balance between the group and its sub-contractors alters in the next few years will probably depend on the continued success of the products and the tolerance of the suppliers. At the moment, however, nobody is complaining.

Is corporate sponsorship of sporting events worth the money? Patrick Harverson reports

Coca-Cola's return of serve

When the "Summer of Sport" draws to a close next month, the image that will linger longest in our memories may not be that of a gold-medal winning athlete or a championship-winning team, but the bright red logo of Coca-Cola. The soft drinks giant has been everywhere in sport this year - including the Euro 96 championship, the Tour de France and the Olympics. Exactly how much it spends on sport is not published, but Sergio Zyman, its chief marketing officer, reveals that in an average year about 20 per cent of the company's \$1.5bn (\$960m) annual consumer marketing budget, or roughly \$300m, is used to "support" sports.

However, 1996 is not a typical year, and Coca-Cola's spending on sports events this year is likely to be well over \$300m. It has spent \$42m alone on buying the rights to be an Olympic sponsor, and it plans to spend another \$22m on television commercials during NBC's coverage of the Games in the US. It has also built a 12-acre "Olympic City" for visitors in downtown Atlanta.

With corporate involvement in sport growing rapidly every year, it is worth asking if Coca-Cola and other sponsors get a good return on their huge investment in sports. Is sports sponsorship value for money?

Andy Smith, broadcast director at Zenith, the London media buying group, says sponsors can measure the impact of their involvement with sport by tracking the screen time and column inches their brand logos enjoy in the media.

He points to Tetley beer, which backs the England cricket team. "Looking at the coverage of the Tetley logo on television and in press photographs, you can see it easily covers the cost of the sponsorship," says Smith.

For non-consumer companies, measuring the impact of sports sponsorship is harder. Mava Heffler, head of global sponsorships at Mastercard, says one of the key objectives behind the company's backing of Euro 96 was to reinforce Mastercard's

brand image in the UK, particularly among Access card holders who might have been unaware that their card was part of the Mastercard stable. The anecdotal evidence so far suggests that this objective was achieved, says Heffler. "When we started our programme in the UK nine to 12 months ago, we asked Access cardholders if they had a Mastercard. Most said they didn't. Now when we ask the question, people show us their Access card straightaway."

However, companies have to



Coca-Cola's 'Olympic city' in Atlanta

costlier, and advertisers are expected to spend an estimated \$5bn worldwide on Olympic-related marketing.

While sport is becoming increasingly popular with corporate sponsors - "sport is highly televised, highly interactive and has very large fan bases", explains Heffler - the crucial factor is sport's ability to transcend national boundaries. It can help companies overcome cultural, language and political barriers.

Bridgestone-Firestone, the Japanese tyre company, has used its sponsorship of Indy car racing in the US to build brand recognition in Italy through a television programme it produces for Italian broadcasters.

The company pays \$50,000 for the Italian rights to Indy racing, and spends about another \$100,000 making five 35-minute programmes on the main Indy races. It gives the programmes to an Italian broadcaster in return for advertising slots worth more than \$400,000.

However, sponsoring sports events is not a risk-free proposition.

IBM's embarrassment this week of the failure of its Olympic computer systems to provide accurate data is an example of what can go wrong. The company spent \$40m acquiring the sponsorship rights and as much again on setting up the technology for the Games in Atlanta, but all the spending and preparation could be wasted if press coverage of the computer problems ultimately overshadows IBM's contribution to the Olympics.

Ultimately, sports sponsorship has become popular because it allows large corporations to identify closely with customers or prospective customers in a way that traditional advertising and marketing cannot possibly achieve.

Thus, the thrust of Coca-Cola's sports campaign this year has focused not on the events, or the teams, but on the ordinary fans. As Zyman puts it: "Sport allows us to say to consumers: 'We like what you like!'"

MANDARIN RESOURCES CORPORATION LIMITED

(Provisional Liquidators Appointed)
Companies Winding Up Order
No 348 of 1996

NOTICE TO SHAREHOLDERS

By an Order of the Hong Kong High Court dated 23rd July 1996, Desmond Chiong and I have been appointed Provisional Liquidators of Mandarin Resources Corporation Limited, following an application to the Court by the Hong Kong Securities & Futures Commission. The appointment is an interim appointment and will be the subject of a further Court hearing on 29th July 1996.

The order made by the Court empowers us to adjourn the forthcoming meeting of the shareholders on 29th July 1996 at 10:00 am by notice to you and by this notice I am hereby adjourning the meeting to a date, time and venue to be notified to you in due course.

I am exercising the power to adjourn the meeting because in my opinion you have not been properly informed by the directors of the company so as to enable you to consider in an informed way the resolutions set out in the circular of the company dated 12th July 1996. I am considering precisely what information and advice needs to be obtained and provided to you and will be writing to you in this connection in due course.

In the meantime, I confirm again that the company's meeting fixed for 29th July 1996 is adjourned to a date, time and venue to be notified to you in due course.

Dated this 25th day of July 1996

JOHN ROBERT LEES
JOINT PROVISIONAL LIQUIDATOR

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CAUTIONARY ANNOUNCEMENT

Our Annual General Meeting to be held on 27th July 1996 at the Grand Ballroom of the Grand Hotel, London, will be held in accordance with the provisions of the Companies Act 1985 and the provisions of the Memorandum and Articles of Association of the Company. The meeting will be held at 10.00 am and will be held in accordance with the provisions of the Companies Act 1985 and the provisions of the Memorandum and Articles of Association of the Company.

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صكزامن الأصل

The shockwaves that unsettle

The bomb explosion last month which killed 19 American soldiers at a US complex in Dhahran launched a worldwide hunt for those responsible. But the shock of the explosion has also led to renewed soul-searching in Saudi Arabia about the future of the world's largest oil exporter.

Many Saudis believe a small group of young Islamic extremists was involved in the terrorist attack. But asked about the Dhahran bomb, they launch into monologues about the ills plaguing their society, much of which they blame on policies of the royal family.

When oil money was plentiful and Saudis were busy amassing fortunes, the business and merchant classes were not inclined to make an issue out of royal excesses, economic mismanagement or lack of political freedom. The bomb attack, the second in the kingdom in eight months, is seen by many as a reflection of unrest over such issues stirred up by the tougher economic circumstances of the 1990s.

"Per capita incomes have gone down by two-thirds as we enjoy the highest birth rates in the world," says a leading merchant. "That's a recipe for disaster. Princes, merchants, everyone has to adapt to this change. Ten years ago nobody cared. But I think it will change under the pressure of what you saw in Dhahran."

The fall in incomes has been happening since the mid-1980s when oil prices began to fall sharply. But it was only after a liquidity crunch following the Gulf war that the king moved to curb the budget deficit. In 1994, he reduced government spending and raised charges on utilities to prepare Saudis for a less pampered lifestyle.

Late last year, however, the king suffered a stroke and in January handed over to Crown Prince Abdullah, his half-brother. Although the king took over again two months later when he had made a partial recovery, the momentum for economic reform seems to have waned.

The kingdom could receive up to \$8bn in extra oil revenue this year from higher prices, which could be used to bridge a \$4bn deficit or pay contractors for past work. But economists say very little has found its way to the local economy.

Moreover, no measures have been initiated to fight corruption, draw up budget priorities or limit the stipends paid to around 5,000 Al Saud princes. Economists estimate that stipends account for about 20 per cent of the SR150bn (£26bn) state budget; defence spending, highest in the world, makes up more than 15 per cent of gross domestic product.

Critics of the royal family are calling for reform rather than revolution. "The system is not perfect but no one in his right mind would ask for an alternative," says a Riyadh businessman. "We just have to look around us."

Saudis are well aware that the House of Saud has successfully brushed off challenges before, from the rise of Nasserism and Baathism, to the revolution in Iran. "We are like a conveyor belt, with a lot of people standing behind each other," a young Saudi prince says of the royal family. "One goes and another comes back."

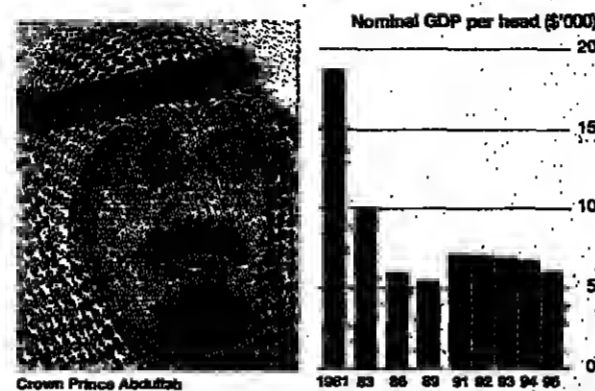
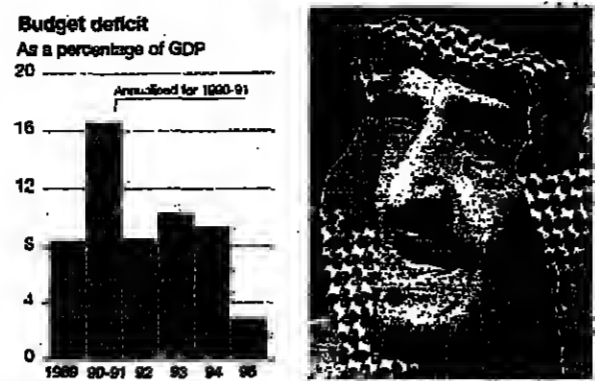
There is a growing worry, however, that the king's illness makes it difficult for the Al Sauds to take decisive action and respond effectively to growing discontent. Although the king still has the final word, the crown prince is believed to be running the kingdom from day to day. Prince Sultan, the defence minister, is also influential.

Yet moderate Islamists believe that conceding modest political and economic reforms would do much to reduce the level of discontent. It might also marginalise the section of the religious establishment which preaches an even more puritanical version of Islam than already practiced in the kingdom and is believed to be a source of inspiration to young extremists.

The clerics seen as most threatening to the regime - who were jailed in 1994 - expressed fears that religion was being separated from everyday life. But they also made demands for less arbitrary law enforcement, independent oversight of government financial institutions, anti-corruption measures and an independent media that are shared by most critics.

Ever since the kingdom's foundation, Saudi Arabia's rulers have attempted to curb the religious establishment's political

Saudi Arabia's ruling family may be encouraging extremists by its failure to concede modest reforms, says Roula Khalaf



powers without seeming to act against Islam and jeopardising their religious credentials as the guardians of Islam's two holiest places. The government promoted the establishment of Islamic universities, and the inclusion of a heavy dose of Islamic teaching in others. In part to ward off the spread of communism, it also financed Islamic movements around the Middle East and contributed to the funding of the fighting the Soviet-backed regime in Afghanistan.

The religious establishment was asked to issue a *fatwa* - or religious edict - inviting US troops to defend the kingdom during the Gulf war. But imams in government-controlled mosques were also allowed to deliver blistering sermons attacking Washington, resented by ordinary Saudis for its one-sided policy

seven university chancellors last summer, but he then sacked radical professors and launched a propaganda campaign in schools against "false Islamic teaching".

Critics argue that reforms on the issues that worry both conservatives and liberals would win the support of even the most conservative clerics. Since Saudi Arabia is already an Islamic state, says one moderate Islamist, "most conservatives will be willing to live with modern necessities if they are assured the government won't be turned into a secular state, that there will be no bars, prostitution or outrageous indecency."

And a measure of political debate, now non-existent in the kingdom, would allow liberals as well as respected moderate Islamists to challenge the radicals. As a technology consultant in Riyadh says, it would create the opportunity to persuade those who shun credit cards "that credit cards are also useful even though interest is against Islam."

The fear, however, is that failure to offer some liberalisation will lead to deeper alienation of moderate Islamist critics of the regime and create a political cover for extremists. "Reform may not erase this [violence]," says a moderate Islamist. "But reform can prevent deterioration and growth of violent segments."

The king in recent years has attempted to tackle some of the issues raised by critics. For example, in 1993 he revived the *majlis al shura*, the consultative council which is a Saudi Arabian's version of a parliament.

But he appoints all the council's members and can ignore their recommendations. And he has yet to react to the council's suggestion last year that all state expenditure be included in the budget and new priorities be set for how oil money is spent.

People close to the Al Sauds say one reason for the king's return in March was prompted by some members of royal family who wanted to delay the succession of Crown Prince Abdullah who is reputed to favour curbing spending and limiting excesses. They believe that changes will have to wait until the crown prince takes over.

In the aftermath of the attack, the King curbed the reign of the *mutaw'a*. He had already removed six of the

LETTERS TO THE EDITOR

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Posters a priority on road to promotion

From Mr Philip Allen.
 Sir, Lucy Kellaway is lucky to be living in London where motivational posters can still safely be frowned upon ("Is performance-related pay worth it?", July 23). In the US a thriving industry has grown up around "corporately-correct" poster art. Managers have budgets to buy selections of framed posters from a catalogue, and the English will find this difficult to believe - employees vie to hang them on their walls.

Unequivocal rules on moral issues

From Mr Alastair Budd.
 Sir, Regarding Hugh Dickinson's column "Why the time for rules is past" (July 13/14), the Ten Commandments have permanent value because they emanate from God, the supreme being; they are not a set of arbitrary rules. For the Christian and Jew, obedience to the moral law of the Ten Commandments provides both guidance and protection.

No evidence for this 'fact'

From Ms Catherine Kaplinsky.
 Sir, In Jeffrey Masson's review of Anthony Storr's book *Feet of Clay: A Study of Gurus*, he says that "factual errors are annoying" and complains about lack of evidence. Is this not ironic? In the same review, Masson claims as "fact" that Jung slept with one of his early patients and students, Sabina Spielrein.

Workers' rights are not just a western value

From Mr Jeff Atkinson.
 Sir, Your editorial "Sweatshops" (July 23) implies that organisations like Oxfam which are campaigning to improve the situation of workers in developing countries are imposing western values on these countries.

Within a few yards of my office we have the Stern

Handshake ("teamwork") the Long Road Disappearing into the Sunset ("the race for quality has no finish line") and the Ocean-Going Yacht ("Risk... you cannot discover new oceans unless you lose sight of the shore"). Yes, it is inconceivably true, but over here on the west coast managers are indeed promoted for this sort of thing.

Philip Allen,
 900 High School Way,
 Apartment 2104,
 Mountain View,
 CA 94041,
 US

Christ Jesus' response to a woman accused of adultery, as recorded in chapter eight of St John's Gospel, is both compassionate and unequivocal: "Go and sin no more." Genuine Christianity does not compromise or prevaricate on moral issues, which is why it is often resisted and rejected. Commitment to the radical Christianity practised by St Paul and other first century Christians will impart the moral dynamic so needed in western society today.

Alastair Budd,
 20 rue du Nord,
 CHX-1180 Rolle,
 Vaud,
 Switzerland

researchers of Jung have not found conclusive evidence that he slept with this patient - much as some might like it. As with many reviews this is one where the reviewer's personal bias is very evident.

Catherine Kaplinsky,
 press officer,
 Society of Analytical Psychology,
 1 Daleham Gardens,
 London NW3 5BY, UK

Having western countries remove the barriers to garment and other imports from developing countries is important, as your editorial suggests, because it helps create desperately needed jobs in poor countries. However, also important is ensuring that the jobs created are not exploitative - and the best way to do that is to ensure that workers have some say in the conditions under which they have to work.

Jeff Atkinson,
 policy adviser on trade,
 Oxfam UK & Ireland,
 274 Banbury Road,
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Europa • Dominique Moïsi

Citizens on a sinking ship

The European state can no longer carry out its traditional duties and must be reinvented

The British beef crisis - or "the crazy cow" as it is described in France - has been an important turning point in the difficult relationship between the UK and the rest of the European Union. But in addition to the potentially frightening health consequences of BSE, the crisis has also raised some troublesome questions about the relationship between the state and society.

Who can private citizens trust on issues of collective health and safety in a world that is becoming ever more complex? Can they rely on anonymous officials at national and European level or the politicians they have elected to protect them from the unintended consequences of technological advances?

The beef crisis comes 10 years after the radioactive fallout from the burning nuclear power station at Chernobyl in Ukraine had supposedly stopped at the Rhine. According to official statements, French territory was left untouched. This was proved false when years later otherwise inexplicably high cancer rates were recorded in regions of France that were more affected than others by the radioactive cloud.

More recently, a crisis emerged over the contamination of blood supplies with the HIV virus which - like the spot in Lady's Macbeth's hand - continues to haunt the French politicians involved. The victims have been compensated, but after much haggling.

And the series of scandals which has hit the nationalised industries from Credit Lyonnais to Crédit Foncier de France is like an acid eroding the credibility of the country's institutions. In the latest of these, the former chairman of SNCF, the state-owned railway company, is in jail in connection with an inquiry into investments by Elf Aquitaine, the French oil giant, while he was chairman.



added to the growing alienation and distance between citizens and the French state. The campaign encourage people to buy French beef with the aim of restoring sales has largely proved a failure, since the mad cow problem is not one of the origin of the cows, but of what they have been fed. Consumers fear the government has not exerted sufficient controls to avoid contaminated feed reaching the farms.

This is potentially dangerous for the future of democracy. The ultra-liberals may proclaim that public opinion wants a smaller state, but what most people want is a better and more responsible state - one that is less concerned with pomp and more honest, efficient and impartial.

Yet the omnipresent and highly centralised French state appears incapable of finding answers to the social cancer of unemployment. Its justice system is seen as partial, with ministers of justice appearing to protect those close to the governing parties. It is not surprising that citizens find it hard to trust the measures announced by the government

to reassure them about beef. As we are about to enter the 21st century, the question is whether the state is too small to solve the big problems and too big for the small problems. The problem is that the four traditional missions of the state are all being questioned, for different reasons.

The traditional Hobbesian mission of providing security against attack from outside has lost its importance with the end of the cold war. The well-defined threat of the Soviet Union has been replaced by a multiplicity of uncertainties such as terrorism and uncontrollable migrations of people. But there is no outside power directly threatening the security of most western countries.

The second mission of the state was to protect the weak by reducing inequality and redistributing wealth. But the social security systems of western Europe are crumbling under the weight of deficits. There is a growing awareness that too much social protection is destroying the economic base that funds the welfare state - eroding the very

idea of the state as protector. As for the third mission of regulating the economy, that has fallen victim to globalisation. The role of the state as an economic manager has been undermined by the vast scale of financial flows across borders. This reality is confirmed by governments' exit from state enterprises and utilities through privatisation.

In countries such as France or the UK, the state has had a fourth function in contributing decisively to the creation of a nation - by forging a national identity out of diverse peoples. By contrast, however, in Germany or Italy, the nation created the state.

However, even that role of building and keeping alive the nation's identity has been eroded by the behaviour of those who represent the state. The contrast between the pomp and glory of state ceremonial - monarchical or republican - and the activities of the British royal family or the mayor of Paris is weakening the capacity of the state to embody the nation.

This crisis of the state in France and - to various degrees - the rest of Europe does not mean the solution is a reduced, business-friendly, minimalist state that some advocate.

Most Europeans believe that post-second world war Europe has been built on a combination of economic growth with social protection - a more humane model than the Asian or even the American model. Yet they also know that this European model no longer confides in their leaders to protect them from diversity.

If the European state is to be credible and respected again, it will have to be reinvented - this time with less ambitious aims and higher standards of morality. The state of the future must give a much higher priority to the task of educating its people to face a fast-changing world.

And those who represent the state at the highest level must find the courage to exclude the black sheep. The future of democracy lies in their readiness to do so.

The author is deputy director of the Paris-based Institut Français des Relations Internationales and editor of *Politique Etrangère*. He writes here in a personal capacity.

سكزامن الأصل

COMMENT & ANALYSIS

FINANCIAL TIMES

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Friday July 26 1996

Bloodbath in Burundi

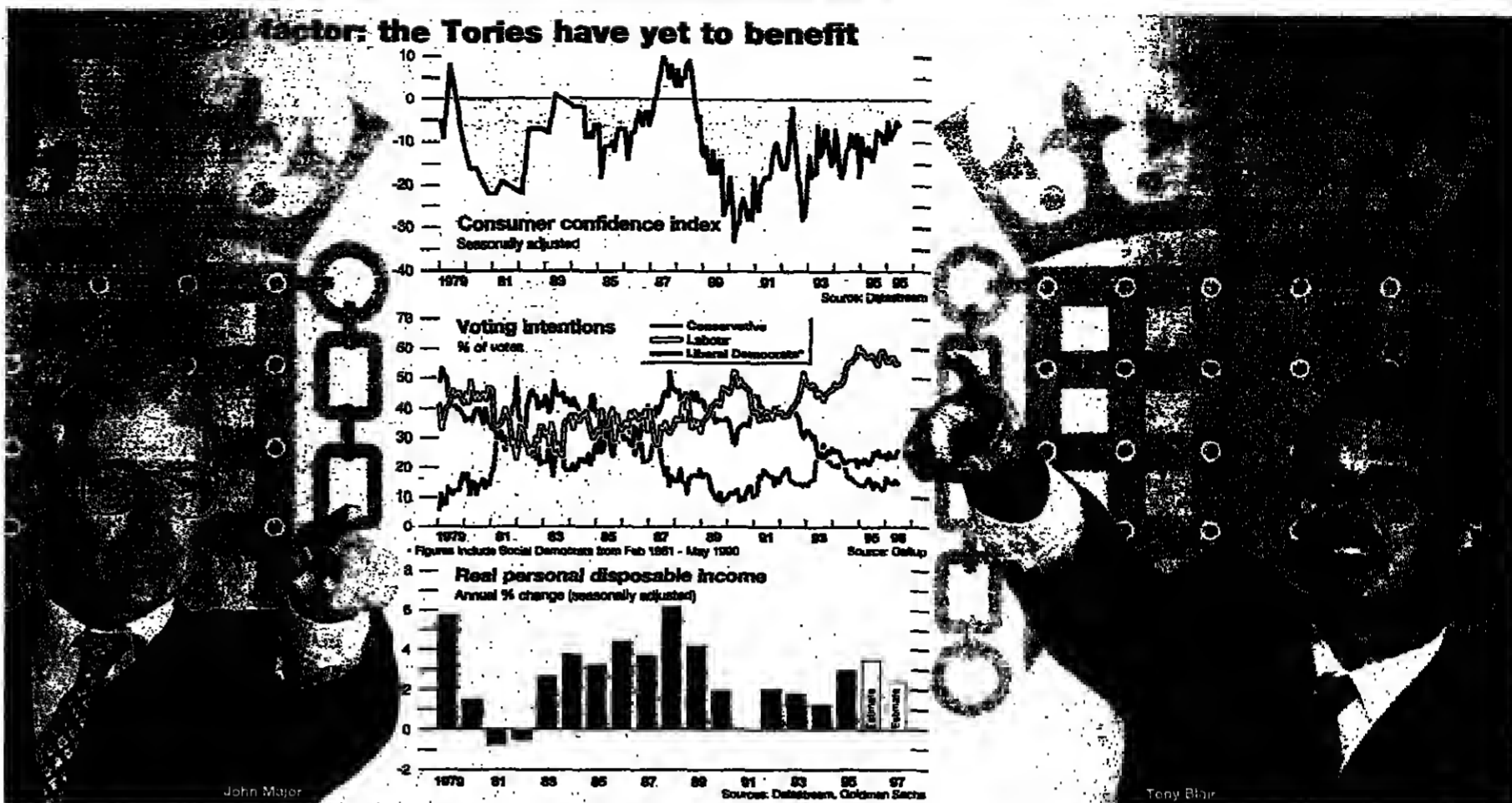
Once again the "international community" watches helplessly as an African state slides into genocidal anarchy. Two years ago in Rwanda the world was caught unawares by the sheer speed of the slaughter. That is one excuse it cannot give today in neighbouring Burundi. The crisis there has developed in slow motion, claiming the lives of 150,000 people since 1993. Killings are now reckoned at over 1000 per month. But the sporadic, unorganised character of the violence makes it much harder to produce a credible plan for stopping it.

Sharing the pie

Such is the defeatism permeating the unemployment debate in France that the government is pinning its job creation hopes on the reduction of working hours. Encouraging companies to cut the working week and hire more staff may, at the margin, raise employment. For that reason, the new law encouraging employers to do this is not necessarily a bad thing. But the hours that people work have not been behind the rise in French unemployment - nor will they play more than a modest role in reducing it.

UK defence

A very public squabble between Cabinet ministers is not normally considered the model of good government in the UK, but the spat over £3.5bn of defence orders between the British Treasury and the Ministry of Defence has at least produced some good results. From the MoD's point of view it has kept its policy of reducing personnel while buying more modern and effective equipment on track. This was in severe danger of being undermined by Treasury cuts to its capital equipment budget. Such a reduction risked further undermining the morale of the armed forces, and betraying the bargain made by the chiefs of staff when they accepted staff cuts for more modern equipment.



Blair runs with the tide

Lagging behind in the polls and facing divisions over Europe, John Major has an electoral mountain to climb, says Philip Stephens



Mr John Major's options are not entirely exhausted.

Even as pro-European ministers man the barricades behind the cabinet's wait-and-see policy towards a single European currency, there are whispers in Whitehall about the terms of another truce. The details can wait for a moment. As parliament breaks at the start of the summer recess, ministers and backbench Tory MPs alike are asking whether there is any longer a purpose to this endless search for compromise. The wounds inflicted by Europe now run too deep. For many, the general election has already been lost.

Regardless of their own party loyalties, a substantial majority of voters thinks Mr Blair will win the election. Such forecasts tend to become a self-fulfilling prophecy. The Conservatives are seen as divided and extreme. New Labour (Mr Blair's corney prefix has stuck) casts itself as moderate and relatively united. Mr Major, though, is not quite alone. Mr Michael Heseltine, his deputy, also refuses to contemplate the possibility of defeat. Mr Heseltine takes a determinist view of the relationship between economics and politics. However disgruntled, the electorate will not turn out a government after a sustained period of rising incomes.

The Tory sceptics, by backing from within the cabinet, are determined to win the struggle over a single currency. They plan an autumn campaign to force a manifesto pledge ruling out sterling's participation during the next parliament. So far the cabinet's three most senior ministers have stood firm. Mr Clarke and Mr Heseltine could scarcely remain in his government if the prime minister gave in. Mr Malcolm Rifkind, the foreign secretary, is personally less committed to keeping open the Emu option. But he has told Mr Clarke he will resist attempts to reopen the issue.

Others are less convinced that the prime minister will hold that line. His own opposition to any further European integration has hardened. Given a free hand, he would not take the pound into a single currency. Hence the talk of another compromise. This latest, still speculative formula would see the government pledging to stand aside if Emu started on schedule on 1 January 1999. But it would leave open all other possibilities, including joining later or being among the first wave if the project were delayed.

big government. But nor do they want no government. The answer lies in investment in education, training and technology. These are Labour's slogans. In his pitch to the electorate, Mr Blair has still to strike an easy balance between reassurance and radicalism. The promise of restructuring of the welfare state has yet to be matched by a clear exposition of the means. Mr Paddy Ashdown's Liberal Democrats are often alone in their advocacy of bold solutions. But these are minor points when set against Mr Major's tribulations.

OBSERVER

Calling on Carlo

There is no need to worry any longer about Carlo De Benedetti's relationship with the Italian government. He has been named as the man to lead the Italian company of which he is chairman, the European Union working group which will prepare the way for a new pan-European television regulator.

The piety business

The world would have lost a lot of its best literature if it followed the principle apparently embraced

by Newsweek. Richard Smith, the weekly magazine's editor-in-chief and president, is still wrangling with the problem, as he sees it, of how to accommodate the fact that his star columnist, Joe Klein is also the author of the bestselling novel Primary Colors. Smith has apparently said: "there are complicated issues over having a journalist and fiction writer in the same body".

Net matters

Watch out for an interesting test case which could soon emerge as to what you can and what you cannot print on the World Wide Web. The story involves a Norwegian Jörn Lundstad who sold a vintage car - something called a 1921 Nash limousine - to a third party, who paid with two cheques, one of which was good, one of which bounced.

Still talking

Who would be an offshore banker in Cyprus? But a fear of being out of the loop presumably does not trouble the emphatic Boris Vucic. She arrives in London today as a leading member of Serbia's negotiating team for the London Club talks with representatives of some 800 commercial banks. The rump of Yugoslavia was former more than a third of the former federation's \$4.6bn debt.

Financial Times

50 years ago

World Wheat Prospects Still Another Critical Week has passed for wheat with no sign of a break in the stream of good crop news from all parts of the world. In the United States, harvesting of the winter crop is in full swing and weather conditions could not be better. In Argentina, temperatures are seasonally lower. Widespread frosts have been reported. These could do a great deal of good by checking any precocious growth caused by the rainfall and mild weather of previous weeks.

"The team is a mirror that reflects its leader."

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UK awards defence contracts worth \$5.4bn

Missile deal paves way for BAE link with Matra

By Bernard Gray in London. British Aerospace and Matra of France yesterday won a \$600m contract to supply the UK Ministry of Defence with cruise missiles...

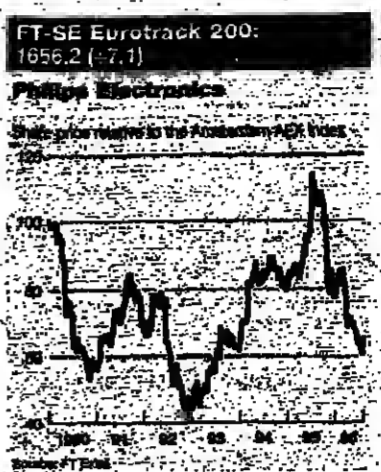
Treasury, which had wanted to postpone the orders because of concern about the level of public spending. However, Mr Michael Portillo, the UK defence minister, finally won the day in a tense late-night cabinet office meeting on Wednesday.

to order a weapon from Hunting Engineering. The manoeuvring by Britain's defence giants to win contracts was criticised by smaller defence contractors and foreign companies...

Brussels bureaucrat censured for stepping out of line

By Neil Suickey and Lionel Barber in Brussels. Brussels bureaucrats are not known for stepping out of line. One who did dare to criticise the bureaucratic culture - describing the 10 signatures needed to approve a round trip to Geneva as "grotesque" - has been told not to stray again.

THE LEX COLUMN Filletting Philips



To see Europe's competitiveness problem in a nutshell, look no further than Philips' latest restructuring plan: 8,000 jobs are to be shed; up to 2,000 are to be created in low-cost economies elsewhere. But sadly, even this tough-minded hatchet-wielding will not go far to transform the company's performance.

the face of more competitive The real solution is to rebalance portfolio, reducing exposure to bulk chemicals like ethylene crine and expanding in down activities such as paints and d. This is on the management's a but there has been little progr disposals since the notation of EV 1994. Instead, ICI, in common with rest of the industry, is pouring further investment into growth areas, thereby turning them into commodities.

Fidelity dials up a cheaper way to sell German shares

By Kristina Guha in London. Fidelity Brokerage, a subsidiary of the US fund management group, is to take advantage of a new European law to sell shares in German companies to German retail investors by telephone from the UK.

speaking brokers to operate from its European office in Tadworth near London. German retail investors will be able to buy and sell shares in Frankfurt and seven other regional exchanges by dialling a free number. It will cost Fidelity 22p a minute, compared with 23p if the call was within Germany.

would be the first foreign company to offer a domestic retail service from another EU country. Fidelity is one of about 100 financial companies wanting to use the directive to operate in Germany according to the German Federal Securities Supervisory Office. However, most others are expected to operate physically in the country.

Food and drink

The time is ripe for the world's food and drink industries to consolidate. The growing power of retailers has squeezed manufacturers' margins over the past five years. Meanwhile, sales growth in developed markets has proved elusive.

ICI

Imperial Chemical Industries needs pre-tax profits of \$900m to cover its cost of capital. Judging by yesterday's weak second quarter results, it is unlikely to earn that in any of the next three years.

UK logistics

Combining Hays and Christian Salvesen into a near-£3bn logistics group would make a lot of sense. Hays has been the one bright star in a sector decimated by margin pressure.

Following yesterday's 21 per cent jump to 348p in Salvesen's share price, Hays may have to pay 400p to secure a recommendation, on which it is very keen.

Hyundai to build South Korean steelworks

Continued from Page 1. completed by 2004, instead of 2000, to avoid disrupting the domestic steel market. Government officials are also concerned about the impact the Hyundai project will have on Posco, the world's second-biggest steelmaker.

gest customer, while increased competition could threaten Posco's record of strong profits. However, analysts yesterday said that Hyundai's revised programme would have no significant impact on Posco's performance for the next eight years.

Posco is one of the world's most efficient and cheapest steel producers. In an attempt to dissuade Hyundai from proceeding with the project, Posco has embarked on a programme to expand its production capacity to 28m tonnes by 1998, which would make it the biggest steelmaker in the world.



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FT WEATHER GUIDE Europe today. Much of western Europe, including Belgium, the Netherlands and most of northern France, will be sunny. Five-day forecast. TODAY'S TEMPERATURES.

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MAZDA

NEWS DIGEST
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upbeat on year

Forward ahead in second tier

HK hotels group advances

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MAZDA
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^{*1} ISO 9001 is the highest attainable quality rank within the ISO 9000 series established in Geneva in 1987 by the International Organization for Standardization. ^{**} As an automotive manufacturing firm, not as a production facility within a firm. ^{**} The British Standards Institution, Great Britain's largest qualification judging organization, conducts inspections within the countries of the European Union.

COMPANIES AND FINANCE: EUROPE

Commerzbank grows 48% to DM1.32bn

By Andrew Fisher in Frankfurt

Commerzbank, Germany's third biggest commercial bank, yesterday reported a sharp jump in profits in the first six months and promised continued rapid growth this year, in spite of a difficult banking environment.



Martin Kohlhaussen: expects profits to grow 50 per cent

total DM2.13bn, against a figure of DM1.45bn last year. Referring to speculation about takeovers of German banks, he said: "I don't think any foreign bank would be happy to take over a major German bank."

was the result of improved capital markets and higher lending at a time of economic uncertainty. "There is some froth in these results," said Mr Chris Williams, an analyst at Fox-Pitt, Kelton, the UK stockbroker.

CFE shares suspended amid rescue bid talks

By Andrew Jack in Paris

Shares in CFE, the troubled French bank, were suspended yesterday amid growing speculation that the state-controlled Caisse des Dépôts et des Consignations would launch a takeover bid to save it from collapse.

Government officials are believed to have held talks with executives at the Caisse on Wednesday ahead of a meeting of the institution's own governing board later in the day.

The details emerged as sources close to CFE's chairman, the French president's official residence, and were received by an adviser to President Jacques Chirac.

The government is keen to resolve the bank's problems before July 31, the date it mentioned earlier this year when the bank published record losses of FF10.5bn (\$2.14bn) and acknowledged the need for a restructuring after taking provisions of FF13.5bn.

Gordon Cram

Incentive disposal completes revamp

Incentive, the Wallenberg industrial company, yesterday completed the last big step in a radical strategic overhaul by divesting Skandinavisk Elverk, its highly profitable power supplier, to a rival generator for SKr4.2bn (\$638.2m).

Prices decline hits Solvay A fall in plastics prices and demand has been blamed for a 23 per cent decline in first-half net earnings at Solvay, the Belgian chemicals group, from FF6.3bn to FF5.4bn (\$195.4m).

Agip buys Sun Company fields Agip, the oil exploration and production subsidiary of Eni, the Italian energy group, has bought the North Sea oil operations of Sun Company, the US-based company, for about \$260m.

Banco Bilbao Vizcaya, the Spanish banking group, is in talks with Latinvest to acquire the investment banking group, which specialises in South America.

Philips unit slims to Japanese proportions

The audio-visual business wants fewer suppliers and more dedicated sub-contractors

Philips, like many other companies, wants to become more Japanese in its methods. But the operational structure it is seeking to adopt is potentially more radical than the just-in-time delivery or quality circles used by other western manufacturers to motivate employees.

Mr Eustace stressed yesterday that Philips had "no intention of abandoning the television and audio business". In October it would unveil an interactive television set for the US market, providing access to the Internet. The product is being developed in conjunction with WebTV, a Silicon Valley start-up venture whose investors include Mr Paul Allen, co-founder of Microsoft.



The group is seeking to compete with Motorola of the US, Sweden's Ericsson and Nokia of Finland, the three established leaders in the mobile phones sector.

from scratch. A second production line for the phones is starting in Singapore. Handset prices are coming down sharply, though, and its current market share is little more than 1 per cent.

REPUBLICA DE BOLIVIA MINISTRY OF CAPITALIZATION Private participation in the water and sewerage sector in the cities of La Paz and Cochabamba

Table with columns: US\$ bn, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020.

RPR rises to \$165.9m on flat turnover

By Daniel Green

Rhône-Poulenc Rover, the US drugs company 98 per cent owned by Rhône-Poulenc, the French chemical group, revealed a sharp rise in first-half profits on barely-changed turnover yesterday.

the biotechnology company, which it bought last year. RPR announced two asset sales worth \$55m in the UK and Spain. The UK disposal of the £34m sale of APS/Berk, a maker of unbranded drugs, to Teva of Israel. A Fisons plant in Spain was sold to a private buyer.

"The integration of Fisons is going well but there are still some efforts to make," said Mr Patrick Langlois, RPR's chief financial officer. He said further asset sales would include products outside RPR's specialist areas or which were generic.

SAP meets expectations at DM374m

By Sarah Althaus in Frankfurt

SAP, the German business software group, yesterday posted a 60.5 per cent rise in pre-tax profits to DM374m (US\$251m) in the first six months, and said it was on course for a sharp improvement in the full year.

net, the popular R/3 client-server software, could become obsolete by the end of the decade. All sectors contributed to the group's profits increase. Pre-tax profits for the whole year were expected to increase 45 per cent from DM574m in 1995, Mr Dietmar Hopp, chairman, said.

restor report, with which SAP disagreed. But the group said it had seen very strong demand for the software in the past few weeks and had signed up more than 500 new customers since the beginning of the year. For the full-year, overall sales were expected to climb 41 per cent from DM7.9bn to DM11.2bn.

EAST EUROPEAN INSURANCE REPORT EAST EUROPEAN INSURANCE REPORT gives subscribers dedicated, detailed, first-hand information simply unobtainable elsewhere.

NV De Indonesische Overzeese Bank US\$125,000,000 Floating Rate Notes 1997

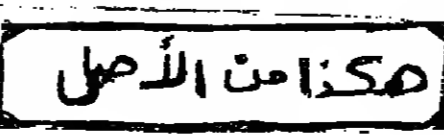
Argentaria fall may delay sell-off plans

By Tom Burns in Madrid

Argentaria, the partially privatised Spanish banking group, saw first-half consolidated earnings fall sharply. The results, which were worse than market forecasts, are likely to put on hold any further placement of the state's remaining 25 per cent stake.

Madrid securities house acquired by Merrill Lynch, the US investment bank, in February, said the latest results gave "a more realistic picture" of Argentaria's balance sheet. He said they suggested the group had adopted a more prudent policy in the presentation of its results.

In contrast, first-half figures at Banco Central Hispano showed the banking group was on the road to recovery, because of a tough restructuring programme. BCH said attributable net profits rose 13.3 per cent, to Ptas20.4bn, from the first six months of 1995.



Somerfield faces second float price cut

By David Blackwell

Somerfield, the UK's fifth biggest supermarket, is expected this morning to confirm that it will cut its floatation offer price at the last minute from 180p to 145p a share.

The new price is understood to be the lowest which the banks that are effectively Somerfield's vendors would accept. It reduces the market value of the group from £480m (\$748.8m) at 180p to £345m.

This represents a prospective multiple of 5.5 - a 30 per cent discount to the market - and a yield of more than 8 per cent - or a 94 per cent premium to the market.

Somerfield's debt of £192m, and leave £208m to be passed through the ring fence around further debt at Isoco. Isoco bought the supermarket chain when it was known as Gateway in a disastrous £2.1bn leveraged buy-out.

Isoco's debt holders were being asked to take some of the stock - effectively swapping debt for equity. But Natwest Securities yesterday was emphatic that no orders had been solicited from debt traders or bond holders or received from these types of institutions, adding that the institutional shareholder list would be "pretty much blue chip."

Optical Care chief has 'no excuse'

By Clay Harris

Mr Rupert Galliers-Pratt, captured by the London Stock Exchange for failing to disclose his directorships of 17 failed companies, yesterday took full responsibility for the omission and said he had "absolutely no excuse".

The exchange's censure related to the admission document for Optical Care (Bermuda) when it began trading on AIM in February.

Mr Galliers-Pratt is chairman of Optical Care, which plans to sell low-cost eyeglasses in eastern Europe. Its first shop is due to open in Warsaw in September.

The censure could have been avoided if Mr Galliers-Pratt or his advisers had spent £2.50 and a minute or two to jog his memory, by getting a full listing of his current and former directorships from the Companies House online service.

Mr Stephen Cooke, chief executive of Gerrard Vivian Gray, said yesterday: "As non-nominal advisers, we rely on the integrity of directors to a substantial degree."

Lloyds TSB to set date for naming chief

By John Gapper, Banking Editor

Lloyds TSB Group will today attempt to address uncertainty over who will succeed Sir Brian Pittman. Its 64-year-old chief executive, by disclosing along with its interim results the date by which it will announce a decision.

Expectations have risen within Lloyds TSB that Sir Brian will take over from Sir Robin Ibb as non-executive chairman by next year.

Large investors in Lloyds TSB Group said yesterday that they favoured Sir Brian retaining a role in management because of his record of improving shareholder value.

Mr Peter Edwood, the former chief executive of TSB Group, which merged with Lloyds last year, is the favourite. However, some former Lloyds directors are thought instead to favour Mr Alan Moore, the other deputy chief executive.

The board is thought to have discussed the question in the absence of Mr Edwood and Mr Moore at its May meeting. It met again last night to approve the group's interim results.

Price controls curb BT

By Paul Taylor

Higher redundancy charges, coupled with price controls, resulted in flat first-quarter pre-tax profits of £86m (\$136m) at British Telecommunications, against £87.4m a year earlier.

Sir Iain Vallance, chairman, said: "In the UK, the tough price control on our regulated services continues to have an adverse impact on our results, although BT's operating profit for the quarter was broadly maintained."

BT is considering its response to the regulator's proposals for controls on its prices and ways of policing its activities to 2001. The group, which would prefer new legislation covering competition in the industry, is currently holding urgent talks with the government and its data response to the proposals by August 2.

Cairn raises £50m to develop field

By Patrick Harverson

Cairn Energy, the independent oil exploration and production company, is raising £50.3m (\$78.5m) through a rights issue to strengthen its finances and help fund the development of its Sangu field offshore of Bangladesh.

The announcement of the 1-for-5 cash call at 280p a share prompted a sharp rise in Cairn's shares, from 281p to 318p, which analysts put down partly to the unusual fact that the issue was fully sub-underwritten by Mercury Asset Management on behalf of its clients.

The arrangement, under which MAM has agreed to buy any shares not sold by underwriters Morgan Grenfell, was a vote of confidence in Cairn, said analysts. MAM, which with its clients already owns 11.3 per cent of Cairn, has acted as a sole sub-underwriter on only a handful of previous occasions.

write the issue because we felt the shares were an attractive investment at that price." Analysts said the shares had also risen on news that Cairn had persuaded Halliburton, a US energy services company, to take on 50 per cent of the development costs of Sangu in return for a 25 per cent interest in the field.

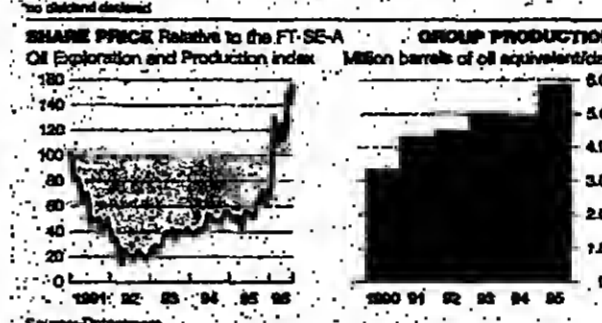
Mr Richard Savage, an analyst at Kleinwort Benson, said of Halliburton: "If they're willing to put their money into it, they must believe it's commercially viable."

He said Halliburton's role would be crucial because it would not only help cut costs of the development, but also improve Cairn's hopes of ultimately selling gas from the field to India because of the US company's close links with Indian gas authorities.

The field is potentially one of the largest ever discovered, and the two blocks owned by Cairn cover an area equivalent to about 75 North Sea blocks. The company plans to begin

CAIRN ENERGY

Table with 5 columns: Year (1993-1995), Turnover, Pre-tax profit, Earnings per share, Net assets.



supplying gas to the Bangladesh market in 1998. Given the modest size of the Bangladesh market for gas, Mr

RESULTS table with columns: Company, Shares, Price, Dividends, etc. Includes companies like Admiral, BT, British Telecom, etc.

Daimler denies talks with BAe on merger

By Bernard Gray, Defence Correspondent

Daimler-Benz yesterday denied reports that it was in detailed discussions with British Aerospace about merging the two companies' military aircraft businesses. BAe also said that there were no proposals on the table to merge the two companies' aircraft operations.

Both companies said that Sir Richard Evans, BAe's chief executive, and Mr Jürgen Schrepp, chairman of Daimler-Benz, had had outline discussions for many months about the future shape of the European aerospace industry,

BBA takes rest of Signature

By Ross Thomas

BBA Group is buying out the 32 per cent minority interest in its Signature Flight Support Corporation, which provides back-up services for corporate fliers in the US, for \$41.7m.

The purchase of the stake, from New York venture capital group Arabella Partners, clears the way for BBA to expand the business through bolt-on acquisitions.

Quarta said

BBA has already toured round the business, acquired when it took over the Guthrie Corporation during the 1980s, and expanded it with two subsequent acquisitions.

The deal will be largely funded from cash flow. BBA is unregared. Approval for the purchase will be sought from BBA shareholders at a special meeting on August 12.

REDEMPTION NOTICE YCM Investments N.V. U.S. \$78,000,000. Guaranteed Secured Floating Rate Notes Due 2001. Issued April 12, 1996.

INVESTCO TAIWAN GROWTH FUND SICAV société d'investissement à capital variable. 14, rue Aldringen, L-2951 Luxembourg.

The Korea Development Bank (Established as the Republic of Korea under the Korea Development Bank Act 1953 as amended). U.S. \$200,000,000 Floating Rate Notes due 1997.

PT TAMBANG TIMAH (PERSERO) AND SUBSIDIARIES. CONSOLIDATED BALANCE SHEETS 30 JUNE 1996 AND 1995. CONSOLIDATED STATEMENTS OF INCOME FOR THE SIX MONTHS ENDED 30 JUNE 1996 AND 1995.

Vertical text on the left margin: 'incentive disposal completes revamp', 'Prices decline hits Solvay', 'Agrip buys Sun Company field', 'm on flat turnover', 'ations at DM3740', 'delay self-off plan'.

INTERNATIONAL CAPITAL MARKETS

Europe volatile as German rate unchanged

By Samer Iskandar in London and Lisa Bransten in New York
The market and the Bundesbank had a busy day yesterday trying to outwit each other. Volatility in European bond prices increased around midday, when the German central bank's council decided to leave its repo rate unchanged at 3.50 per cent, defying unanimous predictions by economists and traders of a 5 to 10 basis point easing.

Traders reported heavy selling and switching into bonds from higher yielding stocks. The selling was mostly concentrated on short maturities, which were expected to benefit most from a monetary easing.
Traders are setting up curve flattening trades...
The decision not to ease the repo rate was "one more nail in the coffin of convergence", said Mr Mark Fox, chief European strategist at Lehman Brothers.

Belgium to implement benchmark debt scheme
The Belgian treasury is implementing a benchmark debt portfolio to manage its debt more efficiently and help it attain the Maastricht debt criteria for European monetary union.
It has appointed Union Bank of Switzerland and Morgan Stanley as advisers on the benchmark project. UBS is already doing similar work with the governments of Australia and Ireland.

Lebanese airline gets \$100m boost

By Roush Khaled
Lebanon's national carrier is to receive a much-needed \$100m capital infusion, Mr Khaled Salam, chairman of Middle East Airlines, said yesterday.
The Lebanese central bank will inject the \$100m in exchange for equity in the company. The funds will be used to retire the company's debts, mostly owed to government-controlled entities.
An additional \$25m of capital is to follow, according to Mr Salam. At a meeting yesterday to approve the first tranche, shareholders were given two weeks to decide whether they wanted to take part in the capital increase.

Flurry of issues puts eurobonds back into gear

By Conner Middelmann and Peter John
The eurobond market sprang back to life yesterday, featuring an assortment of structures and currencies.
The leading market for D-Mark-denominated asset-backed securities saw an innovative addition, DM1bn of bonds backed by credit card receivables generated in the US by Capital One Master Trust, the ninth-largest US credit card company.

thought to be planning deals. According to lead manager Salomon Brothers, the issue met strong demand throughout Europe and was heavily oversubscribed. One of the bonds' main attractions is their substantial yield pickup over other triple-A rated paper; they yield 45 basis points over bonds at the offer price - some 10-15 basis points more than domestic German bonds and 20-25 basis points above triple-A rated eurobonds, a syndicate official said.
The Bank of Melbourne, Australia's eighth-largest bank, made its debut in the D-Mark sector with a DM350m offering of three-year floating-rate notes yielding 15 basis points above Libor at the offer price. The deal benefited from its Libor-plus coupon and investors' interest in the more defensive instrument given recent bond market volatility, dealers said.

Evergreen Marine set to launch GDR issue
Evergreen Marine, the Taiwanese shipping concern, is expected soon to launch a \$300m issue of Global Depository Receipts to raise capital for investment projects in China and Panama.
Goldman Sachs, the US investment bank, has been appointed lead underwriter for the issue, which will be Evergreen's first such offering to overseas investors.
Each GDR will be equivalent to 10 common shares and the issue price per GDR will be about \$20. The receipts will be listed on the London Stock Exchange.
The closely-held group announced in 1994 plans to invest up to \$50m in China for development of port, terminal and transport systems. Projects include the construction of an inland container terminal near Shanghai in a joint venture with the Shanghai port authority, and a another terminal depot in the northern port of Qingdao.

Table with columns: Country, Coupon, Price, Days' change, Yield, Week ago, Month ago. Includes Australia, Austria, Belgium, Canada, Denmark, France, Germany, Ireland, Japan, Netherlands, Portugal, Sweden, UK Gilts, US Treasury, ECU, London clearing, Paris, Frankfurt, Zurich.

Table with columns: Country, Coupon, Price, Days' change, Yield, Week ago, Month ago. Includes Italy, Spain, Japan, UK Gilts, US Treasury, ECU, London clearing, Paris, Frankfurt, Zurich.

Table with columns: Country, Coupon, Price, Days' change, Yield, Week ago, Month ago. Includes FT-Actuaries Fixed Interest Indices, FT Fixed Interest Indices, Gilt Edged Activity Indices.

Evergreen Marine set to launch GDR issue

By Laura Tyson in Taipei
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Table with columns: Country, Coupon, Price, Days' change, Yield, Week ago, Month ago. Includes UK, Germany, Japan, US Treasury, ECU, London clearing, Paris, Frankfurt, Zurich.

Table with columns: Country, Coupon, Price, Days' change, Yield, Week ago, Month ago. Includes FT-Actuaries Fixed Interest Indices, FT Fixed Interest Indices, Gilt Edged Activity Indices.

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Table with columns: Country, Coupon, Price, Days' change, Yield, Week ago, Month ago. Includes Bond Futures and Options, France, Germany, Japan, US Treasury, ECU, London clearing, Paris, Frankfurt, Zurich.

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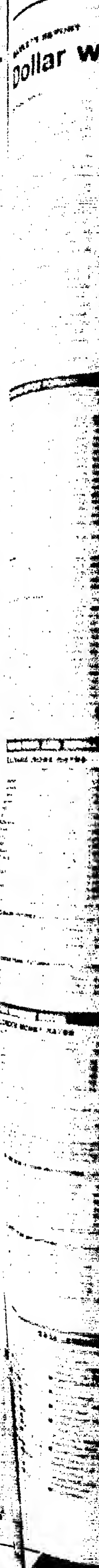
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MARKETS REPORT

Dollar wilts as Buba leaves rates unchanged

By Philip Gawth

The Bundesbank yesterday delivered a sharp shock to the foreign exchanges with its decision to leave interest rates unchanged ahead of its summer recess.

Numerous comments in recent days from senior Bundesbank officials had led markets to expect a cut in the repo rate. When it was left unchanged, the dollar fell sharply to around DM1.4715.

The D-Mark made ground across the board, with most of the high-yielders losing ground. The firm fell to L1.027 from L1.020, against the D-Mark.

Sterling lost one penny

against the D-Mark, finishing at DM2.3078, but was firmer against the dollar at \$1.5571 from \$1.5542.

If policy decisions can be assessed in terms of whether they generate or reduce tension, yesterday's effort from the Bundesbank was clearly in the former category. It was no surprise that analysts were predicting that options volatility would jump.

In her note entitled "Men Behaving Badly", Ms Alison Cottrell at Paine Webber in London said the Bundesbank's decision had clearly left the dollar and European crosses vulnerable.

The D-Mark made ground across the board, with most of the high-yielders losing ground. The firm fell to L1.027 from L1.020, against the D-Mark.

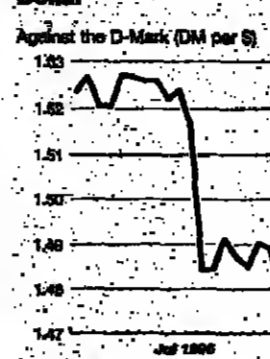
with the German economy in a "U" election year. German exporter confidence is closely tied to the dollar-D-Mark rate, and exports have been the main fuel of growth recently.

Paine Webber is predicting a further cut in the repo rate, but Ms Cottrell said the danger was that any evidence of economic strength would elicit a chorus of "no more easing" each rendition of which will saw off one more splinter from the branch on which the US dollar is precariously perched.

If the first half of the year was characterised by widespread optimism about the outlook for the dollar, albeit peppered with pockets of scepticism, the price action in recent weeks has removed any pretence of consensus.

Unsurprisingly, key protagonists have taken up familiar positions. Mr Paul Chertkov, head of global currency research at UBS in London,

Dollar



continues to fly the dollar-bull flag. He is standing by his end of year forecasts of DM1.60 and Y116.

He cites the following factors in support of his view: * The reappointment in Japan of Mr Sakakibara - the architect of the dollar recovery; * weakness in the Japanese stock market. He pointed out that this was the direct cause

last year of US and Japanese authorities stepping up their efforts to support the dollar. "If there is any correlation between the dollar and the equity market, it is with the Japanese equity market."

"There is a very strong correlation between the trade-weighted yen index and the Japanese current account (where the surplus is continuing to trend lower). There is "no" correlation between the US current account and the performance of the trade-weighted dollar.

Mr Chertkov said the 1994/5 experience, when the dollar's decline was linked to its use as a trade weapon, was unlikely to be repeated because China was the current focus of trade tensions and its currency is not convertible.

By contrast, Citibank remains resolutely bearish, predicting the dollar at DM1.35 and Y100 in six months time. Mr Michael Burke, economist at Citibank in London, said,

contrary to Mr Chertkov, that "the troubling fact for dollar bulls is that there has not been a significant amount of cutting back on long dollar positions."

"Two other factors informed his view: the deterioration in the US trade balance, and the "very troubling outlook for US asset markets," assuming the Fed raises rates when it meets again on August 20. He said there was no incentive for foreigners to add to their positions, and there is evidence of an outflow of US funds to avoid falling domestic markets.

Despite his longer term pessimism, Mr Burke said the dollar would probably hold its current position so long as the market believes the Fed will raise rates.

Other currencies: Citibank remains resolutely bearish, predicting the dollar at DM1.35 and Y100 in six months time. Mr Michael Burke, economist at Citibank in London, said,

WORLD INTEREST RATES

Table with columns: MONEY RATES, Country, Rate, and other financial indicators for various countries like Belgium, France, Germany, etc.

Table with columns: LIBOR FT London, Country, Rate, and other financial indicators for LIBOR rates.

Table with columns: EURO CURRENCY INTEREST RATES, Country, Rate, and other financial indicators for Euro currency rates.

Table with columns: POUND SPOT FORWARD AGAINST THE POUND, Country, Rate, and other financial indicators for pound spot rates.

Table with columns: DOLLAR SPOT FORWARD AGAINST THE DOLLAR, Country, Rate, and other financial indicators for dollar spot rates.

Table with columns: THREE MONTH EURO CURRENCY FUTURES (LFFE) DM100 points of 100%, Country, Rate, and other financial indicators.

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Table with columns: CROSS RATES AND DERIVATIVES, Exchange Cross Rates, and other financial indicators.

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Table with columns: UK INTEREST RATES, London Money Rates, and other financial indicators.

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Japanese airline sets \$100m boost

Evergreen Marine to launch GDR issue

Advertisement for The Government of Uganda, Divestiture and Reform Implementation Committee. Includes text about the invitation of bids for 51% of shares of The Coffee Marketing Board Ltd. and contact information.

COMMODITIES AND AGRICULTURE

MARKET REPORT

Copper price bursts through \$2,000 barrier

By Kenneth Gooding, Mining Correspondent

COPPER's price burst through the psychologically important \$2,000 a tonne level in inter-office trading after the London Metal Exchange had closed last night. Some analysts said short term fundamentals for copper suggested that the metal's price could go higher.

At one point the premium for immediate delivery compared with three-month metal went to \$120 a tonne. By the official close it was back to \$90. Mr Wiktor Bielski, analyst at Bain & Co, a Deutsche Bank subsidiary, said total copper stocks were equivalent to only 3.6 weeks consumption, only marginally above the previous critical level of 3.5 weeks.

He said the pressure on prices to re-align with the short term fundamentals would become too strong to ignore in the weeks ahead, even in the seasonally slow northern hemisphere summer period. "We expect a return to the \$1 a pound (\$2,204 a tonne) level sooner rather than later, with further gains in the fourth quarter as the market tightens even further."

Pakistani cotton farmers play for high stakes

The success of the crop is vital for the country's economy, writes Farhan Bokhari

Mr Sadiq Bhatti stretches out on a charpoy under a cluster of trees, in the blistering afternoon heat, next to his two-acre cotton field. The elderly Pakistani farmer, who has planted cotton for the first time this year, hopes to reap huge rewards, like those many of his friends made from last year's crop.



Growers and government are hoping for a repeat of last season's bumper harvest

ing prices of urea and diammonium phosphate, which have risen by over 60 per cent in the past two to three years. One agricultural scientist in Faisalabad says: "While farmers make money when there's a good cotton crop, there are also many among the poor farmers who are finding it increasingly difficult to keep up with the growing prices of fertilisers".

Analysts forecast aluminium price rally by end of 1996

By Kenneth Gooding

There are as yet few signs of a revival in global demand for aluminium, analysts suggest, but they expect prices to recover sharply towards the end of this year.

At Rudolf Wolff, part of Canada's Noranda natural resources group, analyst Mr Martin Squire suggests that aluminium prices could be weak for another two months, and may even go as low as \$1,400 a tonne.

It is very difficult for aluminium companies to proceed with much needed new smelters in face of today's metal prices," he insists. Prices need to be between \$1,655 and \$1,655 to justify new smelting capacity. "They will be forced above that level before long."

(\$765 each). The big crop was the single factor that raised GDP growth to over 6 per cent, from about 4.5 per cent a year earlier.

But concerns have intensified over the expected yield from the next crop, largely due to early rainfalls this year. The monsoon, which began this month, was preceded by over a month of unexpected rains in parts of the Punjab province, which accounts for almost 80 per cent of Pakistan's cotton fields.

Islamabad, the federal capital, concedes that early rainfalls have intensified worries over possible pest attacks. He says: "There have been alarming reports from many areas over traces of pest attacks, its too early to say if there's a large storm looming ahead".

Mr Mukhtar Ahmed Haleemi, director general of research at the government's powerful Ayub Agricultural Research Institute at Faisalabad, gives a more cautious assessment. "There's more humidity and warmth in the weather," he says. "Our experts are aware that a combination of humidity and warmth can lead to pest attacks."

Australian minister plans to stick to wool sell-off timetable

By Nikki Tait in Sydney

Mr John Anderson, Australia's new federal resources minister, says his "clear preference" is to stay with the existing long-dated timetable for the sell-off of Australia's large wool stockpile.

The weekend, he admitted that it would still be technically possible to amend the timetable for sales - which requires 182,000 bales to be sold every quarter - in the next session of parliament, but said he would not entertain any changes that caused Australia to be subject to "further international ridicule".

"The main issue has to be maintaining confidence and re-establishing credibility" in the Australian industry, he stressed. The existing timetable lasts until July 1, 1997 and both the government and the industry are considering options after that. Growers are due to hold a conference in Canberra next month to discuss their preferred rate of sales from mid-1997 onwards, and a ministerial "round table" made up of all interested parties, is scheduled to address the issue on August 30.

Australia accounts for about 30 per cent of world wool production. Mr Anderson also said that the government's expenditure review committee - which is trying to find federal budget cuts of A\$500 over the next two financial years - was "close to a decision" on whether to retain the \$1.3bn-a-year diesel fuel rebate scheme. This is paid to diesel fuel users whose vehicles travel "off-road" - principally the farming and the mining industries.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

Table with columns for metal type (Aluminium, Copper, Lead, Tin, Zinc), price change, and price per tonne.

Precious Metals continued

GOLD COMEX (100 Troy oz)

Table with columns for date, price change, high, low, and open price for Gold and Silver.

GRAINS AND OIL SEEDS

WHEAT LCE (\$ per tonne)

Table with columns for date, price change, high, low, and open price for Wheat, Maize, and Soybean.

SOFTS

COFFEE LCE (\$/tonne)

Table with columns for date, price change, high, low, and open price for Coffee and Cocoa.

MEAT AND LIVESTOCK

LIVE CATTLE CME (40,000 lbs)

Table with columns for date, price change, high, low, and open price for Cattle, Hogs, and Pigs.

ENERGY

CRUDE OIL NYMEX (1,000 barrels)

Table with columns for date, price change, high, low, and open price for Crude Oil, Heating Oil, and Natural Gas.

PRECIOUS METALS

LONDON BULLION MARKET

Table with columns for metal type (Gold, Silver, Platinum, Palladium), price change, and price per ounce.

FUTURES DATA

ALL FUTURES DATA SUPPLIED BY CME

Table with columns for contract type, date, price change, high, low, and open price.

VOLUME DATA

Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBOT, NYCE, CME, and IPE.

Table with columns for contract type, date, and volume.

INDICES

REUTERS (BASE: 1993=100)

Table with columns for index name, date, and value.

JOTTER PAD

A grid for a crossword puzzle.

CROSSWORD

No.9,130 Set by HIGHLANDER

A crossword puzzle grid with numbers indicating starting positions for clues.

- 1 Difficult second volume (8)
2 Cold and tender chest (5)
3 Chinese fruit (8)
4 Type of flight once found between planets (6)
5 Old group mostly better (5)
6 Algerian in a bad way, round the bend with pain (8)
7 Very small tree destroyed by a lion (6)
8 Servant girl heard in monks' house (blast) (7)
9 Old boys' smoke forms cloud (7)
10 Dishes used to cut playground equipment (6)
11 Going to China possibly tied behind broken seat (8)
12 Animal, bashful, starts to play up (5)
13 Works in France where movement has lost its leading man (6)
14 Boycott on member, one taking up striker's position (8)
15 Manage (US) (6)
16 Natural Gas (Pence/therm) (8)
17 Premium Gasoline \$206-218
18 Gas Oil \$181-182
19 Heavy Fuel Oil \$87-85
20 Naphtha \$182-194
21 Diesel \$207-209
22 Jet \$183-184
23 NATURAL GAS (Pence/therm) 13.25-13.30
24 Premium Gas 74c
25 W.T.I. \$20.85-0.87c
26 CRUDE OIL NYMEX prompt delivery CIF (barrel) \$206-218

A collection of small advertisements and notices, including 'SOLUTION 9,130' and various business listings.

FT MANAGED FUNDS SERVICE

Offshore Funds and Insurances

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 4878 for more details.

Main table containing fund names, descriptions, and prices. Includes sections for Luxembourg (REGULATED), Swiss Bank Corporation, and Offshore Insurances.

Handwritten signature: J. J. J. J.

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 673 4379 for more details.

Main table containing fund names, prices, and performance metrics. Includes columns for fund name, price, and various performance indicators.

airline Im boost

green Marine sea much GDR issue

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Novotel. For more information about our weekend breaks, our 18 hotels in the UK and 300 worldwide, call 0181 748 3433.

OTHER OFFSHORE FUNDS

Table listing various offshore funds with their respective prices and details.

MANAGED FUNDS NOTES. This section provides detailed information and disclaimers regarding the managed funds service.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table of stock prices for alcoholic beverages, including companies like Diageo and Heineken.

BANKS, MERCHANT

Table of stock prices for banks and merchant companies.

BANKS, RETAIL

Table of stock prices for banks and retail companies.

BREWERIES, PUBS & REST

Table of stock prices for breweries, pubs, and restaurants.

BUILDING & CONSTRUCTION

Table of stock prices for building and construction companies.

BUILDING MATS & MERCHANTS

Table of stock prices for building materials and merchants.

CHEMICALS

Table of stock prices for chemical companies.

CHEMICALS - Cont.

Continuation of chemical stock prices.

DISTRIBUTORS

Table of stock prices for distribution companies.

ENGINEERING

Table of stock prices for engineering companies.

ENGINEERING - Cont.

Continuation of engineering stock prices.

ELECTRICITY

Table of stock prices for electricity companies.

ELECTRONIC & ELECTRICAL EQPT

Table of stock prices for electronic and electrical equipment companies.

CHEMICALS - Cont.

Continuation of chemical stock prices.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Continuation of electronic and electrical equipment stock prices.

ENGINEERING

Table of stock prices for engineering companies.

ENGINEERING - Cont.

Continuation of engineering stock prices.

ENGINEERING, VEHICLES

Table of stock prices for engineering and vehicle companies.

EXTRACTIVE INDUSTRIES

Table of stock prices for extractive industries companies.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of extractive industries stock prices.

EXTRACTIVE INDUSTRIES

Table of stock prices for extractive industries companies.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of extractive industries stock prices.

ENGINEERING

Table of stock prices for engineering companies.

ENGINEERING - Cont.

Continuation of engineering stock prices.

ENGINEERING, VEHICLES

Table of stock prices for engineering and vehicle companies.

EXTRACTIVE INDUSTRIES

Table of stock prices for extractive industries companies.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of extractive industries stock prices.

EXTRACTIVE INDUSTRIES

Table of stock prices for extractive industries companies.

HOUSEHOLD GOODS - Cont.

Continuation of household goods stock prices.

INSURANCE

Table of stock prices for insurance companies.

INSURANCE - Cont.

Continuation of insurance stock prices.

INVESTMENT TRUSTS

Table of stock prices for investment trusts.

INVESTMENT TRUSTS - Cont.

Continuation of investment trusts stock prices.

INVESTMENT TRUSTS

Table of stock prices for investment trusts.

INVESTMENT TRUSTS SPLIT CAPITAL

Table of stock prices for investment trusts with split capital.

INVESTMENT TRUSTS - Cont.

Continuation of investment trusts stock prices.

INVESTMENT TRUSTS

Table of stock prices for investment trusts.

INVESTMENT TRUSTS - Cont.

Continuation of investment trusts stock prices.

INVESTMENT TRUSTS

Table of stock prices for investment trusts.

INVESTMENT TRUSTS SPLIT CAPITAL

Table of stock prices for investment trusts with split capital.

INVESTMENT TRUSTS

Table of stock prices for investment trusts.

INVESTMENT TRUSTS SPLIT CAPITAL

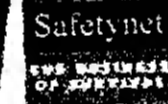
Table of stock prices for investment trusts with split capital.

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Handwritten text in Arabic script at the bottom of the page.

Chinese airline \$100m boost

Green Marine set launch GDR issue

ENVIRONMENTAL TRUSTS - Split Capital - Cont.

Table listing environmental trusts with columns for company name, price, and other financial data.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for company name, price, and other financial data.

INVESTMENT COMPANIES

Table listing investment companies with columns for company name, price, and other financial data.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for company name, price, and other financial data.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies (continued) with columns for company name, price, and other financial data.

LIFE ASSURANCE

Table listing life assurance companies with columns for company name, price, and other financial data.

MEDIA

Table listing media companies with columns for company name, price, and other financial data.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for company name, price, and other financial data.

OIL, INTEGRATED

Table listing integrated oil companies with columns for company name, price, and other financial data.

OTHER FINANCIAL

Table listing other financial companies with columns for company name, price, and other financial data.

OTHER FINANCIAL - Cont.

Table listing other financial companies (continued) with columns for company name, price, and other financial data.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for company name, price, and other financial data.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for company name, price, and other financial data.

PROPERTY

Table listing property companies with columns for company name, price, and other financial data.

PROPERTY - Cont.

Table listing property companies (continued) with columns for company name, price, and other financial data.

PROPERTY - Cont.

Table listing property companies (continued) with columns for company name, price, and other financial data.

RETAILERS, FOOD

Table listing food retailers with columns for company name, price, and other financial data.

RETAILERS, GENERAL

Table listing general retailers with columns for company name, price, and other financial data.

RETAILERS, GENERAL - Cont.

Table listing general retailers (continued) with columns for company name, price, and other financial data.

SUPPORT SERVICES

Table listing support services companies with columns for company name, price, and other financial data.

SUPPORT SERVICES - Cont.

Table listing support services companies (continued) with columns for company name, price, and other financial data.

SUPPORT SERVICES - Cont.

Table listing support services companies (continued) with columns for company name, price, and other financial data.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for company name, price, and other financial data.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for company name, price, and other financial data.

TOBACCO

Table listing tobacco companies with columns for company name, price, and other financial data.

TRANSPORT

Table listing transport companies with columns for company name, price, and other financial data.

WATER

Table listing water companies with columns for company name, price, and other financial data.

WATER - Cont.

Table listing water companies (continued) with columns for company name, price, and other financial data.

AIM

Table listing companies on the Alternative Investment Market (AIM) with columns for company name, price, and other financial data.

AIM - Cont.

Table listing companies on the Alternative Investment Market (AIM) (continued) with columns for company name, price, and other financial data.

AMERICANS

Table listing American companies with columns for company name, price, and other financial data.

CANADIANS

Table listing Canadian companies with columns for company name, price, and other financial data.

SOUTH AFRICANS

Table listing South African companies with columns for company name, price, and other financial data.

Advertisement for Merseyside A Most Attractive Proposition, featuring contact information for Mike Whiddall and a phone number (0800 22 0151).

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Prices for the London Share Service delivered by FT... Details regarding the service and its terms.

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LONDON STOCK EXCHANGE

MARKET REPORT

Footsie progresses as IBM news lifts Wall Street

By Steve Thompson, UK Stock Market Editor

Wall Street's latest roller-coaster ride saw US stocks on the uptick and helped invigorate an otherwise nervous London equity market.

FT-SE 100 ended a net 15.9 higher at 2,684.7, while second-tier stocks, represented by the FT-SE Mid 250 Index, were lifted by bid activity and rose 23.3 to 4,206.5.

IBM's first quarter trading at Boots, the high street retailer, whose chairman told investors and analysts at the annual meeting of a good rise in first quarter sales.

There was a downside story in the sector however. Dixons shares posted the worst individual showing in the FT-SE 100 after a critical report in one of the industry's trade magazines and fears that the failure of Escom, the computer retailer, might see 'fire-sale' price cuts of the latter's stock.

Christian Salvesen, the contract distributor, shot to the top of the Mid 250 after confirmation of recent market rumours that it had received a bid approach from Hays, the transport group.

Dixons under pressure

A call for the Department of Trade and Industry to "forcibly reform" warranties in the electrical market was responsible for Dixons slipping to the bottom of the Footsie performance charts.

The demands came from Marketing Week, the influential retail trade magazine, which said that electrical retailers were continuing to flout an Office of Fair Trading demand for greater transparency in the sale of electrical warranties - a \$400m-a-year market - and were even failing to meet the requirements of their own code.

stock in the absence of an immediate buyer for the business. A positive sign came from Boots, in particular in relation to Do B All, helped lift it 15 to 589p.

Boots injected some excitement into DIY stocks, including Kingfisher, which rose 4% to 626p.

Dealers said sentiment in the stock was likely to remain cautious though analysts suggested the rise in the interim dividend should help provide support for the share price of value considerations.

Christian Salvesen was elevated to the top of the FT-SE Mid 250 performance charts following news that rival contract distributor Hays had made a bid approach.

more than 20 per cent, adding 60 to 349p and hoisting the company's market capitalisation to \$880m. Hays reiterated 26 to 414p as analysts speculated on a sizeable rights issue to underpin any takeover financing.

The bid front was also kept active by an agreed 237p a share offer for conglomerate Suter from Asot Holdings.

Property leaders put on a strong showing ahead of today's monthly report from the investment Property Data-bank.

International chemicals group ICI was friendless as analysts downgraded full year profit expectations, in the wake of disappointing second quarter figures.

commercial rents and asset values, and some brokers have recently turned more positive on the sector. News that British Aerospace had duly won the \$20m contract to replace the ageing fleet of Nimrod maritime patrol aircraft made for an active day in the defence sector.

Racal, which along with GEC is to share in the avionics supply, ended 3 lower at 276p, but racked up its best single session turnover for six months.

BAe ended 1% higher at 943p, GEC hardened to 385p in 12m trading.

The Somerfield flotation appeared to be on track, albeit at a nearly 25 per cent discount from the original offer price, after what one analyst described as "an outstanding bit of stockbroking" and another called a "last minute act".

Dealers suggested there was concern that Cheltenham and Gloucester's favourable figures could have a negative impact on Abbey. There was also a fear that the lowering of rates may force Abbey to follow suit, a factor many believe would have a negative impact on margins.

All of which saw Abbey surrender 8 to 549p, after trade of 3.8m, however one analyst dismissed the concerns as "overdone and misplaced".

Speculation that European Acquisition Capital was finding it difficult to find a buyer for its 50 per cent stake in Tom Coghlin, the regional pub operator, was said to be responsible for its fall of 21 to 222p.

Bank of Scotland recorded the day's highest volume at 42m, following Thursday's close of Standard Life's secondary offering of most of its holding in the bank.

However, there was some talk late in the session that BZW, which organised the book building process, may have been left with a small proportion of the stock.

Bank of Scotland shares closed 1/2 ahead at 222 1/2p.

In the rest of the sector, Lloyds TSB which today kicks off the reporting season for UK retail banks, gained 12 to 340 1/2p.

Sentiment was boosted by favourable figures from mortgage subsidiary Cheltenham & Gloucester as well as Thursday's healthy interims from Lloyds Abbey Life.

Credit Lyonnais expects interim profits to rise by around 10.7 per cent to £1.137m.

Abbey National came under pressure on a combination of market share worries and Nationwide's announcement of a cut in the standard variable mortgage rate by 0.25 per cent to 6.49 per cent.

FT-SE 100 Index: 2684.7 (+15.9)

FT-SE Mid 250 Index: 4206.5 (+23.3)

Table with 2 columns: Index Name, Value, Change. Includes FT-SE 100, FT-SE Mid 250, FT-SE All-Share, FT-SE 100 Index Options, FT-SE Mid 250 Index Options, FT-SE All-Share Options, FT-SE 100 Index Futures, FT-SE Mid 250 Index Futures, FT-SE All-Share Futures.

Table with 2 columns: Sector Name, Value, Change. Includes Chemicals, Diversified Inds, Telecommunications, Gas Distribution, Engineering, Health Care, Breweries, Pubs & Rest, Water.

Table with 2 columns: Index Name, Value, Change. Includes FT-SE 100 Index Options, FT-SE Mid 250 Index Options, FT-SE All-Share Options, FT-SE 100 Index Futures, FT-SE Mid 250 Index Futures, FT-SE All-Share Futures.

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Forminster P.L.C. Proposed Acquisition of Adjustbetter Limited (Trading as Kookki). Share Capital following the Acquisition. Includes tables for Authorised, Issued and fully paid, and Ordinary shares of 2p each.

BRITANNIA BUILDING SOCIETY. Issue of up to £50,000,000 Floating Rate Notes Due 2005. Includes details of interest rates and terms.

Advance Bank Australia Limited. US\$300,000,000 Floating Rate Notes 2000. Includes details of interest rates and terms.

IRISH PERMANENT BUILDING SOCIETY. 6% BONDS 1999. Notice is hereby given that the semi-annual dividend on the Irish Permanent Building Society's 6% Bonds 1999 is payable on 10th August 1996.

European Coal and Steel Community. VII, 200,000,000 Floating rate notes 2001. Notice is hereby given that for the interest period 26 July 1996 to 27 January 1997 the notes will carry an interest rate of 1.675% per annum.

SWEDBANK (Sparbankernas Bank) Subordinated Floating Rate Notes due 1997. Notice is hereby given that for the three months interest period from July 26, 1996 to October 26, 1996 the notes will carry an interest rate of 5.675% per annum.

MGI Secured Obligations Ltd. MGI Secured Obligations II, Ltd. announced on July 17, 1996, offers to repurchase, respectively, MGI ECU Bonds due 1998 and MGI (Series II) ECU Bonds due 1998.

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BANQUE NATIONALE DE PARIS. Programme for the Issuance of Debt Instruments (US\$ 5,000,000). Floating Rate Notes due 2008. Includes details of interest rates and terms.

JP Morgan. Includes details of financial services and contact information.

JP Morgan. Includes details of financial services and contact information.

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WORLD STOCK MARKETS

EUROPE

Table of European stock market data including indices and individual stock prices for various countries like Austria, Belgium, Denmark, etc.

ASIA

Table of Asian stock market data including indices and individual stock prices for countries like Hong Kong, India, Japan, etc.

AMERICA

Table of American stock market data including indices and individual stock prices for countries like Brazil, Canada, Mexico, etc.

AUSTRALIA

Table of Australian stock market data including indices and individual stock prices.

NEW ZEALAND

Table of New Zealand stock market data including indices and individual stock prices.

AFRICA

Table of African stock market data including indices and individual stock prices for countries like South Africa, Egypt, etc.

INDICES

Table of major global stock indices such as S&P 500, Nikkei, DAX, etc.

US INDICES

Detailed table of US stock indices and market activity.

COMMODITIES

Table of commodity prices for various goods like oil, metals, etc.

CURRENCY

Table of currency exchange rates for major world currencies.

INDICES

Table of regional and global indices.

US INDICES

Table of US market indices.

COMMODITIES

Table of commodity prices.

CURRENCY

Table of currency rates.

STOCKS

Table of individual stock prices.

INDICES

Table of indices.

US INDICES

Table of US indices.

COMMODITIES

Table of commodities.

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Highs & Lows shown on a 52 week basis

Footnote explaining the 'Highs & Lows shown on a 52 week basis' notation used in the tables.

Main body of the page containing multiple tables of stock market data for various regions and indices.

Advertisement for Rockwell Avionics, featuring the text 'In Europe's crowded skies, Rockwell Avionics plays a key role in promoting safety and efficiency' and the Rockwell logo.

Small text at the bottom of the page, likely containing publication information or legal disclaimers.

NEW YORK STOCK EXCHANGE PRICES

4 pm close July 25

Main table of stock prices with columns for stock names, prices, and changes. Includes sections for 'NEW YORK STOCK EXCHANGE PRICES', 'BOSTON STOCK EXCHANGE PRICES', and 'PHILADELPHIA STOCK EXCHANGE PRICES'.

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NYSE PRICES

Table of NYSE stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'Continued from previous page', 'U', 'V', and 'X-Y-Z'.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'L', 'S', 'M', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

AMEX PRICES

Table of AMEX stock prices including columns for stock name, price, change, and volume.

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Continuation of NASDAQ National Market stock prices from the previous page, including sub-sections for 'A', 'B', 'C', 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

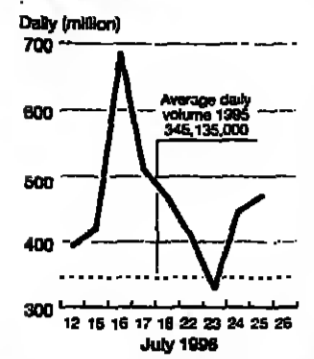
AMERICA

Healthy IBM brings buyers back into Dow

Wall Street

US share prices were sharply higher by midsession yesterday as a healthy earnings report from IBM helped to bring buyers back into the market, writes Lisa Branstetter in New York.

NYSE volume



part to soaring shares of IBM. The more broadly based Standard & Poor's 500 added 4.86 at \$31.51 and the American Stock Exchange composite was up 3.89 at 532.88.

Volunteers on the New York Stock Exchange came to 238m shares.

Shares in IBM, which is a component of the Dow, soared \$10 1/4 at \$101 1/4 after the computer company reported second quarter earnings of \$2.51 a share, 7 cents ahead of analysts' estimates.

That, combined with Wednesday's strong second quarter report from Compaq Computer, helped to restore faith in some parts of the technology sector, nearly all of which had been badly beaten down since the start of the month.

Compaq added \$2 1/2 to the \$3 it rose on Wednesday, bringing the shares to \$56. IBM and Compaq were the two most actively traded shares on the NYSE at midsession.

Other components of the

Buenos Aires down 2.2%

Buenos Aires was 2.2 per cent lower at midsession on renewed speculation that Mr Domingo Cavallo's days as economy minister might be numbered, after reports of another row with President Carlos Menem.

The row, denied by government officials, was widely reported and fuelled speculation that Mr Cavallo may be on his way out after his unpopular social tax reform two weeks ago. The Merval index was 11.89 down by midsession

S Africa industrials rebound

Renewed strength on Wall Street, combined with a technical rebound in the industrial sector, pushed Johannesburg broadly higher.

Brokers said that overseas investors were keen buyers of blue chip industrials, but that gold stocks suffered from late selling on a slip in the bullion price.

The overall index rose 27.1 to 6,655.7 and industrials added 53.1 to 7,872.7 while golds eased 5.7 to 1,744.8.

EUROPE

Mood in Philips swings from misery to hope

Misery turned to hope for Philips shareholders, and all within one session. In the morning, the electronics group hit an early low of Ft 45.50, down 6 per cent on virtually halved second quarter net profits from normal operations; in the afternoon it closed 6 per cent higher, up Ft 2.90 at Ft 51.30 after the group said that it would cut 6,000 jobs at its Sound & Vision business over the next 18 months.

The broad AMSTERDAM market produced the best result of the day, the AEX index closing 10.61, or 2.1 per cent higher at 523.61. Financials were boosted by strength in world bond markets on positive US economic figures.

However, an earlier outperformer, the software group, Beas, produced only a minor recovery in spite of excellent results from its bigger German competitor, SAP. Beas shares rose Ft 1.70 to Ft 47.60 but they had dropped Ft 9.40, or 17 per cent, on Wednesday after a US broker downgrade.

ASIA PACIFIC

Economic concerns prompt 2.2% tumble in Bangkok

There was more grief for BANGKOK yesterday as the Bank of Thailand revised down expected GDP growth for the year from 8.3 to 7.8 per cent, revised the expected current account deficit upwards and lifted its inflation forecast from 4.9 to 5.5 per cent.

The SET index finished 25.02, or 2.2 per cent lower at a 33-month low of 1,118.96 in moderate turnover of Bt5.1bn. The expectation of poor second quarter earnings continued to haunt the market. The finance, energy and banking shed 2.7, 2.4 and 2.0 per cent respectively.

Tokyo

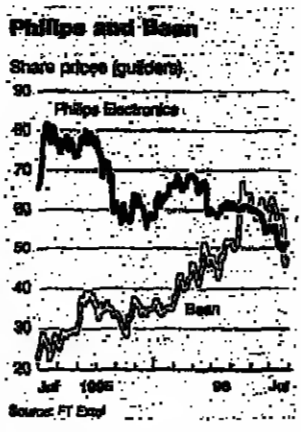
Wall Street's recovery from early lows encouraged investors and the Nikkei average, which posted its largest fall of the year on Wednesday, rebounded by 1.3 per cent, writes Emiko Terazono in Tokyo.

The 225 index rose 25.81 to 20,929.84 after trading between 20,638.16 and 20,978.80. Investment trusts placed index-linked buying orders while small lot bargain hunting by domestic institutions also supported share prices.

Volume totalled 348m shares against 273m. The Topix index of all first section stocks rose 8.73 to 1,530.44 and the Nikkei 300 by 2.08 to 293.96. Advances led declines by 612 to 424 with 185 unchanged.

In London, the ISE/Nikkei 50 index rose 1.51 to 1,401.73. Overseas investors, who had been taking profits over the past few weeks due to the volatility on Wall Street, remained sellers. Net trading figures released by the Tokyo stock exchange yesterday highlighted recent activity by foreigners. Foreigners' net selling during the week of July 16 totalled Y107.8bn, up from Y8.3bn a week before.

Traders said that the overseas selling was led by US mutual fund managers and European pension funds,



Philips and Beas share prices (Dutch guilder)

Source: FT Data

for the banking sector, after four years of underperformance, from Merck Finck and from CS First Boston.

The Dax index rose 5.38 to an index of 3,464.51, turnover easing from DM8bn to DM7.4bn. Commerzbank put on 80 pps at DM234.90 after a 47 per cent lift in half year profits, and SAP recovered a third of Wednesday's DM10.50 loss, closing DM3.50 higher at DM211.50 although its 60 per cent profit growth rate exceeded analyst estimates by some 10 percentage points, said Mr Eckhardt Frahm at Merck Finck.

The Bundesbank's decision to leave key interest rates unchanged, said Mr Frahm, was less of a depressant than the intraday fall in the dollar,

and the rise of the D-Mark against other customer currencies, both yesterday and over the last 10 days.

However, the Düsseldorf brokerage still thought that the Dax could hit the 2,700 to 2,750 range later this year; that a 2 per cent rise in the dollar could do the trick; and that takeover speculation would lift the banking sector after Deutsche Bank's announcement that it holds a 5.21 per cent stake in Bayerische Vereinsbank.

PARIS saw another series of block trades, and turnover stayed high at FF8.87bn. Otherwise, the first day of the new account celebrated gains on Wall Street, and the CAC-40 index closed 20.57 higher at 1,974.87.

Docks de France, the retailer, accounted for FF4.12bn of the turnover figure as it came back from suspension FF48 higher at FF1,270, matching the raised bid from Auchan.

Lagarde extended its run, leading the bourse index with a loss of 0.38 per cent to FF126.30, after a high of FF130 on news that the British and French defence ministries had awarded the Storm Shadow cruise missile order to the group's Matra subsidiary, and to BAe Dynamics.

Remy Coitreau came off the bottom, rising FF2 to

FF130.10 ahead of its delayed results next week. Cap Gemini, the information technology group, soared FF12.50, or 7.1 per cent to FF210.50, on a report that Daimler-Benz's Delsis unit wanted to obtain majority control.

ZURICH staged a rebound, recouping more than half of Wednesday's dive, as investors shrugged off the weaker dollar and were instead prompted by this week's falls to begin bargain hunting. The SMI index picked up 5.48 to 3,537.4.

Roche certificates, which fell almost 4 per cent on Wednesday, recouped SF145 to SF182.5.

Banks also continued to move back into the limelight ahead of the interim results season next month. UBS advanced SF20 to SF1.185, CS Holding gained SF2.50 to SF1.26 and SBC added SF1.25 to SF228.75.

The more positive tone spilled over to the insurers, which were led up by a SFR18 rise to SF1,900 in Swiss Re. Nestlé continued along its recently more positive route, rising SF24 to SF1,894.

SMH was SF19 higher at SF707. Goldman Sachs, which reinstated coverage of the stock with a market outperformer recommendation, estimated a 12 month total return of about 10 per cent.

Interdiscount, the troubled

FT-SE Actuaries Share Indices

Table with columns for Date, Index Name, and Value. Includes FT-SE 100, FT-SE 250, FT-SE 350, FT-SE 400, FT-SE 500, FT-SE 600, FT-SE 700, FT-SE 800, FT-SE 900, FT-SE 1000.

THE EUROPEAN SERIES

Table with columns for Date, Index Name, and Value. Includes EURO STOXX 50, EURO STOXX 100, EURO STOXX 200, EURO STOXX 300, EURO STOXX 400, EURO STOXX 500, EURO STOXX 600, EURO STOXX 700, EURO STOXX 800, EURO STOXX 900, EURO STOXX 1000.

Source: FT Data

Notes: Values are in US dollars unless otherwise stated.

Base value 1000 (2000/10/10) except where stated.

Time zone: London 1000 - 1000, New York 1300 - 1300, Tokyo 0900 - 0900.

Index values are as at 12.00 noon (London time) unless otherwise stated.

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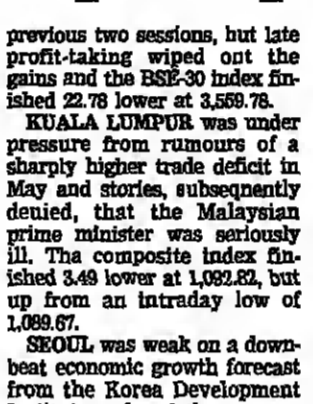
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Thailand index (Baht)

Source: FT Data

previous two sessions, but late profit-taking wiped out the gains and the HSE-30 index finished 22.78 lower at 3,559.78.

KUALA LUMPUR was under pressure from rumours of a sharply higher trade deficit in May and stories, subsequently denied, that the Malaysian prime minister was seriously ill. The composite index finished 3.49 lower at 1,092.82, but up from an intraday low of 1,089.67.

SEOUL was weak on a downbeat economic growth forecast from the Korea Development Institute and the composite index lost 12.10 to 820.29.

Samung Electronics spearheaded falls in the blue chips, falling Won2,500 to Won7,000 while Posco, the steelmaker,

lost Won800 to Won5,200. LG Electronics fell Won500 to Won15,700 with a sharp rise in its forthcoming interim earnings already discounted.

TAIPEI saw most of its foreign fund favourites lower as the weighted index ended 6.67 lower at 6,084.07 in turnover of T\$35.11bn. United Microelectronics fell 80 cents to T\$33.50 and China Steel by 40 cents to T\$26.10.

The fall came in spite of news that Dow Jones had increased the weighting of Taiwan's stock index in its world index to 0.3 per cent from 0.24 per cent, and in its Asia-Pacific index to 1.0 per cent from 0.77 per cent.

MANILA saw tentative buying after Wednesday's 3 per cent drop, the composite index rising 11.89 to 3,067.25.

Stim Darby Philippines, a unit of the eponymous Malaysian conglomerate, kept 2.50 pence, or 11.4 per cent to 24.50 on speculation that it would soon announce diversification from tyre-making into other fields, perhaps real estate.

HONG KONG spent an uncertain session as Wall Street's volatility kept investors sidelined. The Hang Seng index rose just 7.11 to 10,706.97, after Wednesday's 165 point slide, in turnover that dipped to HK\$2.8bn.

SINGAPORE remained depressed by a lack of buyers and the Straits Times Industrial index fell 8.75 to 2,127.58, off the day's high at 2,135.61.

Blue-chip bank and property stocks rose marginally but in thin volume. Both UOB Foreign and OCBC Foreign ended up 20 cents at \$813.60 and \$816.20 respectively.

SHANGHAI's hard currency B share index picked up 1.1 per cent, reflecting a strong performance by Shanghai Lujiazui Finance. The index was 0.54 higher at 51.113 as Lujiazui rose 1 cent to 0.60.

The local currency A index lost 2.3 per cent on news that the China Securities Regulatory Commission had issued new regulations on interim earnings, including a clause to prevent listed companies from giving over-generous returns to investors.

Other components of the

Advertisement for HSBC Samuel Montagu. Title: A BUSY SECOND QUARTER. Lists various financial deals including Ashanti Goldfields, Sketchley, Belhaven Brewery Group, International Energy Group, OPRAF, and Court Cavendish Group. Includes contact information for HSBC Samuel Montagu.

FT/S&P ACTUARIES WORLD INDICES. Table with columns for Regional Markets, US, and Dollar Index. Includes sub-sections for National and Regional Markets, and a detailed list of indices for various countries and regions.

مكتبة الأمل